IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA
AT CHARLESTON

W.W. MCDONALD LAND CO.,
THE BRUCE MCDONALD HOLDING COMPANY,
THE MILLARD MCDONALD HEIRS,
THE ALICE ROBINSON HEIRS, S.E. MCDONALD, INC.,
C.B. MORRIS, INC., OAKLEY, INC.,
L.O.U. CORPORATION, MCDONALD-ROBINSON, INC.,
GLENN T. YOST, AGENT AND ATTORNEY IN FACT
FOR ZADA PHIPPS AS TRUSTEE OF THE ERNEST M. PHIPPS
SHELTER TRUST, AND WILLIAM MCDONALD CLARK AS
TRUSTEE OF THE VIRGINIA PHIPPS COX FAMILY TRUST,

Plaintiffs,

v. Civil Action No. 2:11-CV-00418

EQT PRODUCTION COMPANY, a Pennsylvania
corporation, and EQT CORPORATION, a
Pennsylvania corporation,

Defendants.

The video deposition of RICKY S. CRITES, taken upon oral examination, pursuant to notice and pursuant to the Federal Rules of Civil Procedure, before James D. Nielsen, Court Reporter and Notary Public in and for the State of West Virginia, Thursday, April 26, 2012, at 9:30 a.m., at the offices of Hendrickson & Long, 214 Capitol Street, Charleston, West Virginia.

JOHNNY JACKSON & ASSOCIATES, INC.
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APPEARANCES

On behalf of the Plaintiffs:

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On behalf of the Defendants:

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EQT CORPORATION
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Also Present: Chuck Ritter, Videographer

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PROCEEDING

THE VIDEOGRAPHER: We are on the record in the matter of W.W. McDonald Land Company, et al., versus EQT Production Company, a Pennsylvania corporation, and EQT Corporation, a Pennsylvania corporation.

My name is Chuck Ritter, I'm a video specialist for Jackson & Associates in Charleston, West Virginia. I'm not related to any of the parties to this action or to counsel of record, nor do I have a financial interest in this action.

Today's date is the 26th of April, 2012. The time is 9:31 a.m. This deposition is taking place at the offices of Hendrickson & Long, PLLC, 214 Capitol Street in Charleston, West Virginia. The witness today is Rick Crites.

Would counsel please identify themselves for the record.

MR. ADKINS: Mark Adkins and Britt Freund on behalf of the Plaintiffs.

MR. HENDRICKSON: David Hendrickson and Steve Hastings on behalf of EQT, along with Jessica Brisendine.

THE VIDEOGRAPHER: And will the court

reporter please swear in the witness.

RICKY S. CRITES, WITNESS, SWORN

EXAMINATION

BY MR. ADKINS:

Q. Good morning, Mr. Crites.
A. Good morning.
Q. As I indicated to you earlier off the record, my name is Mark Adkins, and sitting beside me is Britt Freund. We're here on behalf of the plaintiffs in this civil action.
Would you please state your full name for the record.
A. It's Ricky S. Crites.
Q. And Mr. Crites, would you please give your complete business mailing address?
A. 625 Liberty Avenue, Pittsburgh, Pennsylvania.
Q. What's the ZIP code?
A. 15222.
Q. And what's your business telephone number?
A. (412) 395-2073.
Q. And who is your current employer?
A. EQT Production Company.
Q. And how long have you been with EQT

Production Company?
A. Since 1984.
Q. And who -- I'm sorry, what is your current position at EQT Production?
A. Director of Revenue Accounts.
Q. And how long have you been in that position?
A. Since 1995.
Q. Mr. Crites, have you ever had your deposition taken before?
A. Yes.
Q. How many times?
A. I believe two.
Q. And I'm sure you've been through this process before but I'm going to give you some basic instructions and I assume you've probably heard before as well.
I'll be asking you a series of questions. I'd ask you to give full and complete answers to those questions. Try to avoid going uh-huh or uh-uh or nodding your head because, as you know, the court reporter is taking down everything that you say and non-verbal responses are difficult to take down onto the record.

If at any time you do not understand my question, please let me know, I'll be happy to rephrase it. If I ask you a question and you answer it I'm going to assume that you understood the question; is that fair?
A. That's fair.
Q. If at any time you'd like to take a break, please let me know, I'll be happy to accommodate you. In addition, at various times in the deposition you may anticipate some of the questions that I'm going to be asking and you'll want to go ahead and answer, I'd ask that you wait until I fully complete my question before you answer because it's difficult for the court reporter to take things down when we're both talking at the same time; is that acceptable?
A. Yes.
Q. Thank you. Now, Mr. Crites, before we get into kind of the meat and potatoes of the deposition, were you provided a copy of the Amended Notice of Rule 30(b)(6) Video Depositions of Defendants EQT Production Company and EQT Corporation that I served in this case?
A. Yes.

(Exhibit 1 marked for identification.)
Q. And I'll show it to you, it's been marked as Exhibit 1 to your deposition.
A. Yes.
(Exhibit 2 marked for identification.)
Q. And have you also been advised that counsel on your behalf filed an objection to the Notice of Rule 30(b)(6) Video Deposition on behalf of EQT Corporation and EQT Production which has been marked as Exhibit 2, and I'd ask if you've seen that document?
A. I don't believe I've seen this one.
MR. HENDRICKSON: We showed it to him briefly yesterday --
MR. ADKINS: Sure.
MR. HENDRICKSON: -- but we didn't have him go through the document because it's our objection.
MR. ADKINS: That's fine.
Q. (By Mr. Adkins) Mr. Crites, it's my understanding, and I'm going to paraphrase here and your counsel can interject if -- interject if I've got anything incorrectly, or state anything incorrectly, but it's my understanding that you are

essentially here on behalf of EQT Production to answer questions relating to the areas of inquiry set forth in my notice, Exhibit 1, with respect to the business of EQT Production, and that you're not necessarily here on behalf of EQT Corporation; is that correct?
A. That's correct.
Q. But in your position with EQT Production since I believe '84; is that correct?
A. Correct.
Q. You do have some basic knowledge about the role or the structure of EQT Corp?
A. That's correct.
MR. ADKINS: And did I say everything right, Dave --
MR. HENDRICKSON: Yeah.
MR. ADKINS: -- in terms of what he's here for?
MR. HENDRICKSON: Yeah.
Q. (By Mr. Adkins) So in that sense I may be asking you some questions with respect to EQT Corporation, but as I understand you're not here to answer the areas of inquiry set forth in my notice as it particularly relates to EQT Corporation,

correct?
A. Correct.
Q. Thank you, sir. Mr. Crites, let's back up a little bit. Where did you grow up from originally?
A. Buckhannon, West Virginia.
Q. And where did you graduate high school?
A. Buckhannon.
Q. What year did you graduate?
A. 1977.
Q. Did you have any further education following high school?
A. Yes. West Virginia University, a degree in accounting, 1981.
Q. And any further education after college?
A. No.
Q. Where did you go to work after college?
A. To Union Drilling.
Q. And what type of work did you do for Union Drilling?
A. Just staff accounting.
Q. And how long were you there?
A. I was there for three years. At that point in time Equitable bought Union Drilling.

Q. And that was in 1984?
A. Correct.
Q. So after that what was your position when you came -- when Equitable bought Union Drilling?
A. Just a staff accountant.
Q. And can you tell me the position since '84 that you've had with Equitable?
A. In 19 -- 1995 I was made director of accounting. I left the company in 2000 and returned to the company in 2003.
Q. So you said -- was it '85 that you became director of accounting?
A. No, '95.
Q. '95. Could you give me the rundown of what your job duties and responsibilities were as director of accounting for Equitable?
A. Overseeing the joint interest billing process and the revenue distribution processes.
Q. When you say joint interest billing, could you be a little more specific, or explain that to me?
A. Yeah. There are -- we have properties that we have other partners in, and we have a joint interest billing process that bills those partners

for their share of expenses on the wells.
Q. And then I think the other aspect of it was essentially dealing with the payment of royalties?
A. Right. I mean --
Q. Revenue distribution?
A. Right. Revenue distribution is -- you know, we have in most cases seven-eighths and the royalty owners have one-eighth and we have the process to pay the royalties and give ourselves revenue for our income statement.
Q. Now, when you came on in '84 what was the actual corporate entity that you were employed by?
A. Wow, it might have been Equitable Resources Energy Company at that point. The company has changed names a few times over the years.
Q. And that's one thing I wanted to ask you about. Can you, if you can recall, tell me what the different changes in the corporate entities were over time. I know right now it's EQT Production Company. If you remember.
A. Prior to EQT it was Equitable Production Company.

Q. When did that change occur, if you recall? Was that sometime maybe in 2004 or 2005?
MR. HENDRICKSON: I think we've given the documents that reflect all the changes.
MR. ADKINS: I haven't -- I haven't -- I've got this, but this doesn't have the change. This is just the organizational chart as it stands now.
MR. HASTINGS: We have documents that has the changed names of all the EQT Companies.
MR. ADKINS: Was that part of this --
MR. HENDRICKSON: We've given you so many documents, but I thought that was in there.
But go ahead, you can answer -- I mean, he can answer the best he can.
MR. ADKINS: Yeah, to be honest with you, listen, we've gone through 40,000 pages and I'm sorry if I missed it.
MR. HASTINGS: It's okay. We'll make sure you get that.
MR. ADKINS: Okay.
MR. HENDRICKSON: Go ahead and just answer the question.
A. Yeah, I don't recall the exact date.

Q. (By Mr. Adkins) So if it was EQT Production, prior to that it was Equitable Production?
A. Right.
Q. And then possibly before that it would have been -- was it Equitable Resources?
A. I think, yes, it could have been, yes.
Q. So to the best of your recollection since you came on or became an employee of Equitable that's the transformation of the company from then to the present?
A. Right.
MR. HASTINGS: Let me interject, Mark. Dave's defending the deposition but I just want to make sure some things are accurate. That may not necessarily be accurate but we'll rely upon the documents because he may be mixing companies that he doesn't know.
MR. ADKINS: Okay.
MR. HASTINGS: And just for your --
MR. ADKINS: Oh, I understand, I'm just asking for the best of his recollection.
MR. HASTINGS: Yeah. It was Equitable through May 31st of '09, so it was Equitable

Production Company until May 31st of 2009 and that is when it became EQT Production Company.
MR. ADKINS: Okay, got you.
Q. (By Mr. Adkins) Now, back to your job duties, you've described what you did as director of accounting, and that's your current position right now; is it not?
A. Director of revenue accounting.
Q. Director of revenue accounting?
A. Right.
Q. Is that -- how is that different than the position that you had since --
A. It's just a title change.
Q. Same duties?
A. It's the same thing.
Q. Okay. Now, you indicated that you left in 2000 and returned in 2003, where were you in that time period?
A. In 2000 EQT decided to close their Tennessee office, which is where I was located at that time.
Q. Okay.
A. I opted not to come to Pittsburgh at that time. And I was employed by another company, Evan

Energy.
Q. Evan?
A. Evan Energy.
Q. E-V-A-N?
A. Right.
Q. And where are they located?
A. I don't think they exist anymore, but they were located in Kingsport, Tennessee, which is where the Equitable offices were.
Q. Was that a gas company?
A. Yes.
Q. And what was your position there?
A. Controller. It was a very small gas company.
Q. And were you there from 2000 to 2003?
A. Yes.
Q. Why did you decide to return to EQT Production?
A. The company basically called me and said we'd like for you to come back. So at that point I said okay, because the company I was working for, Evans, was having some problems. So I relocated to Charleston, West Virginia to the EQT offices there. And then a year later I was transferred to

Pittsburgh.
Q. And what was your position upon returning to EQT in 2003?
A. Director of accounting.
Q. And you continue to have that position, although they might have changed the name?
A. They changed it a couple years ago.
Q. But still your duties have been consistent really from '95 to the present?
A. Correct.
Q. Now, Mr. Crites, I understand you're from West Virginia, do you have any relatives or close family members, either you or your wife, or family in southern West Virginia?
A. Not in southern, no.
Q. A couple of quick questions, Mr. Crites, please don't take offense to this, these are questions I ask of every witness I depose, so I'm not trying to be mean or nasty. Have you ever been arrested, charged or convicted of a crime?
A. Yes.
Q. Can you please tell me what that is?
A. DUI, two years ago.
Q. Is that currently pending or been

resolved?
A. That's been resolved.
Q. And was that in West Virginia or Pennsylvania?
A. It was in West Virginia.
Q. What county?
A. Upshur.
Q. Anything else?
A. Nope.
Q. Are you currently taking any medications or drugs which would affect your ability to answer questions here today?
A. No. I do have -- I am on my blood thinner. I had a blood clot a couple years ago.
Q. Now, you previously indicated that you have been deposed before, and you believe twice. Could you tell me what those cases were about and when those depositions occurred?
A. The most recent one was two or three years ago, it was a tax case for the state of Virginia.
Q. Were you being deposed on behalf -- as a representative of Equitable?
A. Yes.
Q. So it was a tax case?

A. Yes, severance tax.
Q. Severance tax. Was it an issue with a lessor or just a problem that Equitable was having with the state in terms of the tax that was being levied against Equitable?
A. It was with accounting that process the severance taxes in Virginia.
Q. And that was one, what was the other one that you recall?
A. The other one was several years ago and I believe it was a royalty issue, but I'm not real -- I just remember that I did it, I don't remember what it was about.
Q. Do you remember what state it was in?
A. I think it was Kentucky. It was probably late 1990s.
Q. Were you ever deposed in the Equitable class action that was filed here in southern West Virginia?
A. Yes.
Q. So that would have been a third deposition?
A. You're -- yes, that's correct.
Q. Would that have been sometime in the mid

2000s?
A. That was late -- that was probably 2008, '09.
Q. Do you recall if that deposition was pre-settlement or post-settlement?
A. Pre-settlement.
Q. Who was representing Equitable in that class action, if you recall?
A. Richard Gottlieb.
MR. HENDRICKSON: Let me just make sure you're aware. He also did a post-settlement deposition over the telephone in the same matter. I'm not sure he...
A. Right. It was informational, yeah. It was very brief.
Q. The pre-settlement deposition you gave in that case, was it essentially along the same areas of inquiry set forth in my notice that I filed in this case?
A. It was more IT informational on the data that we provided and how we provided it.
Q. Now, as in your role as director of accounting or revenue accounting -- I'm sorry, let me make sure I get that right -- director of

revenue accounting?
A. Right.
Q. Are you overseeing the, I guess, the collection of data from the field with respect to volume of gas produced? Is that part of your job duties?
A. It is not.
Q. The volumes though do make it into your accounting system?
A. That's correct.
Q. Who's in charge -- who at Equitable Production is in charge of overseeing the collection of volume data from the field into EQT Productions?
A. That's the gas measurement group. There's been some change in personnel so I'm actually not sure who's totally responsible for that.
Q. Who was responsible for that?
A. Frank King.
Q. Is he still with the company?
A. Yes.
Q. What's his current position?
A. I'm not sure. He did change jobs.
Q. Was he demoted or promoted?

A. I think it was just a change in jobs.
Q. How long did Frank King have that job, if you recall?
A. Three or four years.
Q. Do you remember who did it before?
A. Chris Akers.
Q. Do you recall how long Chris held that position?
A. I don't recall.
Q. Are you familiar with the process that is utilized by EQT Production in terms of collecting and inputting the data with respect to volume?
A. Yes.
(Exhibit 3 marked for identification.)
Q. Mr. Crites, I'm going to hand you what's been marked as Exhibit 3 to your deposition. This is a document that was produced by your counsel in this case. It is Bates Numbered WWEQT321 through WWEQT337. And the front page is a -- it appears to be an organizational chart for EQT Corp as of December 31st, 2011. Have you seen this document before?
A. Briefly.
Q. Let me back up. When you came on with the

company in '84 and it was Equitable Resources did Equitable Resources have a parent company, if you know?
MR. HASTINGS: Mark, I hate to interject, I think Equitable Resources was a parent company at that time. He may not -- I don't know if he knows the names, who --
MR. ADKINS: And I'll ask him if that's the parent company. And again, if you have this somewhere and could show it that would be awesome.
MR. HASTINGS: Yeah. Well, there's some information that I was talking about before, it's listed behind the --
MR. HENDRICKSON: Yeah, it goes all the way back.
MR. ADKINS: Okay. Let's go --
MR. HASTINGS: That's information I was referring to earlier.
MR. ADKINS: Here we go.
MR. HENDRICKSON: I call it a -- this is the organization 2002 to 2004.
MR. ADKINS: 2002 to 2004.
MR. HASTINGS: Mark, if you want to go off the record for a second Ms. Brisendine and I can

probably give you a two minute crash course. It may be easier for you.
MR. ADKINS: Yeah, let's do that real quick.
THE VIDEOGRAPHER: Going off the record. The time is 9:53 a.m.
(Discussion was held off the record.)
THE VIDEOGRAPHER: We are back on the record. The time is 9:56 a.m.
(Exhibit 4 marked for identification.)
Q. (By Mr. Adkins) Mr. Crites, I'm going to be asking you some questions about the accounting system here in a moment, which in your position I'm sure you're very familiar with.
I'm going to hand you what's been marked as Exhibit 4 to your deposition. And these are the discovery responses submitted by your counsel on behalf of EQT Production Company. And you don't need to look through those just yet, I'll direct you to where you need to in a moment, but in these responses, and I can show you where if you need to see, but it indicated that EQT Production did not operate any wells in West Virginia before February of 2000.

A. That's correct.
Q. Did any of the predecessor companies of EQT Production operate wells in West Virginia prior to 2000?
A. Yes.
Q. And what company was that?
A. That would have been Equitable Resources Energy Company.
Q. So --
A. Those properties were sold in, I believe, 1995.
Q. Sold by whom to whom?
A. Sold to Enervest, which was a Texas based company, by Equitable at that point.
Q. So Equitable kind of sold out its properties in '95?
A. Right.
Q. And did they at some point buy them back or what happened in February of 2000?
A. I wasn't here with the company at that time.
Q. Sure.
A. But I believe they acquired Eastern States -- is that right -- Statoil, which are part

of the properties that we currently own in West Virginia.
Q. So was Equitable not doing business as a gas production company in West Virginia from '95 to February 2000?
A. Correct.
Q. Let's talk about the accounting system. If you could turn to Page 5.
A. Actually --
Q. Oh, I'm sorry, go ahead.
A. No, that's fine. Actually, Equitable did own some properties in West Virginia and Pennsylvania, those were the Equitran wells. Those were all northern West Virginia and southern Pennsylvania properties.
Q. So to be specific, from 1995 when the transaction with Equitable and -- is it Enavest?
A. Enervest.
Q. Enervest. Enervest took place, from '95 to February 2000 Equitable did not have any interest in gas wells in southern West Virginia but they did in northern West Virginia?
A. That's correct.
Q. If you could take a look at Exhibit 4,

page 5. At the top of the page it talks about from February 2000 to December 2001, revenue distributions were performed on the Phoenix oil and gas accounting system. Now, I don't believe you were with the company at that time?
A. That's correct, I was not.
Q. So you're -- are you not familiar with that accounting system?
A. I have heard about it, but I'm not familiar with it. I know that's a true statement, but I was never...
Q. And then I guess the -- in January 2002 the accounting system was changed to the Enertia oil and gas accounting system?
A. Correct.
Q. And again, you weren't there when the changeover took place?
A. That's correct.
Q. But it's my understanding that is the system that is still in place with Equitable?
A. That's correct.
Q. So that is probably a program that you -- and a system that you use on a daily -- deal with on a daily basis?

A. Correct.
Q. Now, if you could, and I'm sure this is a very complicated program, but if you could describe for me kind of the data that is in -- that is -- that Equitable inputs into this system on a daily basis?
A. There is really not a daily basis. The volumetric data is captured from the field into a system called Flow-Cal. Flow-Cal transfers that data to Enertia. And Enertia is where the revenue distribution process takes place.
Q. Now, is Enertia specifically related to revenue distribution?
A. Yes.
Q. Is the sale price -- how is the sale price for gas introduced into the Enertia system?
A. That comes from our marketing company.
Q. What company is that?
A. EQT Energy.
Q. EQT -- and we're going to get into this in a lot more detail later, but EQT Energy is actually the company that buys the gas from EQT Production?
A. Correct, correct.
Q. So the sale price that EQT Energy pays for

the gas to EQT Production is the sale price that would be indicated in the Enertia system?
A. Correct.
Q. Is the sale price for the gas that EQT Energy gets when it sells it, is that anywhere in the Enertia system?
A. I don't believe so, no.
Q. I guess that would be in EQT Energy's computer system?
A. Correct.
Q. Do you know what kind of accounting system they use?
A. I do not.
Q. Do you know who the director of revenue accounting is at EQT Energy?
A. That would be Jimmi Sue Smith.
Q. Jimmi -- what was the?
A. Jimmi Sue Smith.
Q. Sue Smith?
A. Right.
Q. Where's he located?
A. That's a she.
Q. Oh, she, I'm sorry.
A. She's in Pittsburgh.

Q. Is the sale price -- I mean, in terms of the sale price of gas that EQT Production sells gas to EQT Energy, is that a -- how is that entered? Is that entered on contract price that is just inserted on a per MCF basis?
A. It's typically an index price.
Q. How often is that -- the index checked and changed?
A. Well, the index changes every month.
Q. So the index price in the Enertia system is changed monthly?
A. Yes.
Q. If there is in fact a change?
A. There's always a change.
Q. And is that your department that makes that change in the Enertia system?
A. It comes from Equitable Energy down to us, but yes, at the end of the day we're the ones that make the changes.
Q. How is it transmitted from Equitable Energy to Equitable Production?
A. Via wire transfer and a file that supports that.
Q. What do you mean by a wire transfer? Are

you talking about a transfer of funds?
A. Yes.
Q. Well, I was kind of -- I'm sorry, maybe I asked my question poorly, I apologize.
I was talking about the index price that actual data, you know, if it's a per MCF number or per MMBTU, that index price, how it would be communicated from Equitable Energy to Equitable Production and placed in the Enertia system for the calculation?
A. Again, it's a wire transfer that has the prices in it, and the revenue dollars associated with each meter that it flows from.
Q. So along with money they provide you with data to advise you how those calculations were made?
A. Correct.
Q. It's -- in the discovery responses it's also stated that for the period of January '95 to June 1997 the data I requested, specifically the royalty data, from Equitable could not be produced from the database that was in place at the time. Do you know why that is or?
A. I don't know. The change of accounting

systems occurred while I was gone.
Q. Because that would have been the time period that Enervest would have had the -- would have controlled the royalty calculations, correct?
A. Not on those properties.
Q. Not on the southern West Virginia properties?
A. No.
Q. I thought that's what was sold in '95?
A. No.
Q. Okay, I'm sorry.
A. What was sold in '95 were the old Union Drilling properties that Equitable acquired in 1984.
Q. My clients' properties in southern West Virginia in the Logan and Mingo County area, who would have owned those properties in this January '95 to June '97?
A. Statoil.
Q. And are you familiar with the type of -- I believe the system that Statoil used was the Phoenix oil and gas accounting system?
A. That's correct.
Q. And I know that Equitable was able to

produce some information or royalty data from the Phoenix system but not for '95 through '97, but you don't know why?
A. I'm not sure, no.
Q. Now, continuing on, on page 5, middle of the page under the heading General I want to talk to you a little bit about the gathering system that's in place.
It's my understanding, at least as of right now, there's a separate company called EQT -- there's actually several EQT Gathering, Incorporated, and EQT Gathering Equity, LLC, and then EQT Gathering, LLC. With respect to the gathering system that's in place in southern West Virginia do you know which of those companies owns that gathering system?
A. I do not.
Q. I'll represent to you, and I'm sure your counsel will correct me, I believe it is Equitable Gathering Equitable, LLC; is that correct?
MR. HASTINGS: Yeah.
Q. Are you familiar with those gathering companies and their roll in the process?
A. I know the purpose that they serve, yes.

Q. Do you have any dealings with them directly?
A. Occasionally.
Q. Do they have a director of accounting?
A. Yes.
Q. Do you know who that is?
A. I believe it's Jeff Mitchell.
Q. Where's Mr. Mitchell located?
A. In Pittsburgh.
Q. Where is -- is your office, or the offices of EQT Production, is that located in a different location than Equitable -- EQT Energy and EQT Gathering Equity, LLC?
A. No, they're primarily located all in the same office in Pittsburgh. There are field offices but primarily the headquarters is in Pittsburgh.
Q. The corporate centers are in the same location?
A. Right.
Q. Looking at this general description it's my understanding that with respect to this gathering of the gas on EQT Production's property that the gas is measured for a particular well, it is measured at the well, is that your

understanding?
A. That's correct.
Q. So is each well in EQT Production's system have a meter at the well?
A. Yes. There's a possibility that old, old wells that don't produce much may be un-metered and had well tests from time to time, but for the most part, yes, they're all metered.
Q. Or may have a collection of wells on a low producing set of wells that may meet in a certain area and the meter may be located there?
A. Right.
Q. But from your experience as it stands the vast majority of the wells on EQT Production's system are metered at the well?
A. Correct.
Q. Is there any measurement done at the well of BTU or caloric value?
A. Yes.
Q. How is that done if you know?
A. There are gas samples that are taken at the well.
Q. Do you know how frequently?
A. I do not.

Q. Who's in charge of that? Is that part of the gas measurement --
A. Yes.
Q. -- department?
A. Yes.
Q. And who is -- and I'm sorry, I apologize, who is the head of that department for EQT Production?
A. I would think it's Bill Sibert.
Q. Is he located in Pittsburgh?
A. Yes.
Q. And he would probably have more information as to how the BTU or caloric intake is measured at a well and how frequently?
A. Yeah.
Q. Is that value taken into consideration in the payment of royalties?
A. Overall, yes.
Q. At what point in the process is that done?
A. At the sales meters.
Q. And the sales meter, that's at the point where the gathering system meets the interstate pipeline; is that correct?
A. That's correct.

Q. And that may reflect a large number of wells that come through at that point?
A. That's correct.
Q. How is Equitable Production able to distinguish at the sales meter one well that may have a higher BTU value versus another meter or well that may have a lower BTU value?
A. Well, typically, geographical areas the BTU is very consistent. But the BTU at the sales meter is allocated back to the wells that are behind that sales meter.
Q. And is the BTU value for the wells that are behind the sales meter essentially averaged out?
A. Yes.
Q. How long -- has that always been the case since you've been with Equitable?
A. Yes.
Q. Is the measurement of volume taken at the well, at the wellhead, is that the volume measurement that is then reported by Equitable Production to the West Virginia Department of Environmental Protection?
A. Yes.

Q. Who is in charge of reporting that volumetric measure to the DEP?
A. Our engineering group.
Q. With Equitable Production?
A. Correct.
Q. And who's the director of that department?
A. The individual that reports that is Chuck MacCartney.
Q. MacCartney?
A. Yes.
Q. M-C-C-A-R-T-N-E-Y?
A. Yes.
Q. And is he located in Pittsburgh?
A. I'm sorry, no, it's M-A-C.
Q. M-A-C.
A. Right.
Q. Chuck would probably get mad at me if I misspelled it that way wouldn't he?
A. Probably.
Q. Is located in Pennsylvania?
A. He's in Pittsburgh, yeah.
Q. That measurement that you indicated was reported for a particular well that's reported to the West Virginia DEP, is that -- and that's done

on a monthly basis, correct?
A. It's annual.
Q. It's annual?
A. It's reported annual.
Q. I know that the DEP --
A. At least I -- let me step back and say I believe it's reported annually.
Q. And I'm going to show you later on in your deposition that the DEP has it on their web site per well on a monthly basis.
A. That's correct. It's reported annually but it's reported on a monthly basis.
Q. I'm with you. And I guess I wasn't talking about the timing of the reporting, I was talking about the substantive part of the reporting in terms of what is reported, and that they in fact, EQT Production, reports on an annual basis but by month.
A. By month, that's correct.
Q. Now, that month figure, monthly figure for a particular well, is that also the same number that a lessor would see on their royalty statement?
A. No.
Q. We'll get into that a little bit later.

The meters at the wellhead, are you familiar with how often those are inspected for quality assurance?
A. I am not.
Q. And would that be the gas measurement department?
A. Yes.
Q. I would need to talk to Bill Sibert?
A. Yes.
Q. And it's my understanding that from the wellhead is the point where EQT Energy purchases the gas but the custody of the gas then goes through an EQT gathering company?
A. Correct.
Q. And EQT, for purposes of our discussion, EQT Gathering Equity, LLC, takes custody of the gas as part of a gathering agreement it has with EQT Energy?
A. Correct.
Q. And it delivers it to a sales meter?
A. Correct.
Q. At which point at the sales meter it is then sold?
A. Correct.

Q. Other than the meter at the well and the sales meter are there other, to the best of your recollection, other meters that may measure the volume of the gas during that process?
A. Can you repeat that?
Q. We're looking at the meter at the well and then you have the point of sale, the sales meter?
A. Right.
Q. And throughout that gathering process between those two points do you know if there's any other meters in the gathering system?
A. I'm not aware of any.
Q. At the bottom of -- I'm a little bit confused here on the bottom of page 5 it talks about third-party custody transfer meters.
A. Right.
Q. Is that the sales meter?
A. Yes.
MR. HENDRICKSON: It is a tricky term.
MR. ADKINS: You-all -- the next page you say sales meters, why didn't you just say sales meter on the page before. Trying to trick me.
MR. HENDRICKSON: Right here.
MR. ADKINS: I know. The life of an

associate. I'm glad those days are over.
MR. HASTINGS: Rick may have drafted that. I'm kidding.
Mark, can I interject something on the sales point?
MR. ADKINS: Why not.
MR. HASTINGS: This is at a point in time --
MR. ADKINS: Do you want me to swear you in?
MR. HASTINGS: No, but -- I'm just trying to help you. There may be other things in the gathering system that he didn't know about, EQT Production Company itself may not be involved with that.
MR. ADKINS: And I'm going to get to talk to him -- that's what I was going to.
MR. HASTINGS: Sorry.
Q. (By Mr. Adkins) Who maintains the sales meter? Is that EQT Gathering or EQT Energy?
A. What do you mean when you say maintains?
Q. Well, one, make sure they're not broken; two, check them for quality assurance, collects the data?

A. Yeah, I mean, EQT Energy has those readings, EQT Gathering has those readings. There are standard operating procedures that require -- and I don't know the specifics but require like dual testing of those meters. When I say dual I mean if it's a Dominion meter or a Columbian meter it requires, you know, EQT to be there along with Dominion or Columbia to test a meter.
I don't know the standard operating procedures and the time lines, whether it's 60 days, 90 days, 120 days, but there's dual testing of those meters to ensure their accuracy.
Q. So is it possible that at the point of sale the sales meters at the -- where the gathering system connects to the interstate pipe line, is that possibly the meter -- I'm trying to understand who actually owns the meter; is that the company that has the interstate pipeline at that point?
A. Yes. Yes, they report the sales, yes.
MR. HENDRICKSON: You're talking about the sales meter?
MR. ADKINS: Yes.
A. Right, right.
Q. Now, in your discovery response you also

talk about that the gas is moved by compressors. And I believe there's a map that I have, I can show it to you if you need to, that outlines not only the gathering system but the amount of compressors in that particular gathering system.
Do you know that if -- do you know whether or not there are any compressors located on my clients' properties?
A. Not specifically I do not.
Q. Does EQT Production own any compressors or is that all the property of EQT Gathering?
A. That's all EQT Gathering.
Q. So they're the ones that maintain the compressors?
A. That's correct.
Q. And EQT Gathering is also -- its responsibility is to maintain the gathering lines?
A. Correct.
Q. Make sure there's repairs and they have minimal line loss and so forth, correct?
A. Right, right.
Q. Is it also EQT Gatherings job to remove any liquids from the natural gas?
A. If they exist, yes.

Q. Do you know in this part of the state, in this area, Logan-Mingo area, for those wells do those generally have natural gas liquids?
A. No.
Q. They do not?
A. They do not.
Q. And just so we're clear, I mean, they have very minimal amounts or they have almost none?
A. Almost none.
Q. What parts of the state do in fact -- does EQT find that there are -- that the wells produce natural gas liquids, or NGL?
A. Only in northern West Virginia.
Q. Because those are in fact -- have a higher value than the actual natural gas, correct?
A. Correct.
Q. Around 35 percent more, roughly?
A. I mean, the bottom line is, is if you extract liquids it's to make the gas pipeline quality, all right, like the major transporters will not take high BTU gas, and the Brenton District where your clients' wells are, the BTU is not that high.
Q. Is there any -- and again, this is

probably the response -- well, you can tell me if it's the responsibility of another company, but is there any processing of the natural gas to get to market in this Brenton district?
A. Not that I'm aware of.
Q. Now, in your discovery responses it talks about Enertia, upon receiving the amount of gas recorded at the sales meter, that measurement is then placed in the Enertia system, and Enertia then allocates the volume from the third -- from the sales meter back to each well for each well's, I guess, proportionate share of produced value?
A. Correct.
Q. And that's the sales volume?
A. Correct.
Q. Per well, correct?
A. Yeah.
Q. And that sales volume that's allocated per well is different from the measurement taken at the wellhead meter?
A. That's correct.
Q. That allocation, does it take into account the -- strike that.
In order to make that allocation does

Enertia have to utilize the measurement at the wellhead versus -- to kind of set the percentage allocation for that well in relation to the overall measurement taken at the sales meter?
A. Yes.
Q. Is that wellhead measurement used for any other calculation other than that allocation?
A. No.
Q. And is that sales volume, is that the number that is indicated on a lessor's royalty statement?
A. That's correct.
Q. But that's not the number that's reported to the West Virginia Department of Environmental Protection?
A. That's correct.
Q. Is there a department in EQT Production that reviews leases, oil and gas leases, to determine the manner in which a particular lessor or group of lessors is going to be paid royalty?
A. Land administration reviews the leases. Typically we pay royalties on the revenues we receive, on the gas that's sold. If there is a specific lease that says otherwise then we would

treat it that way, but typically the gas sold is the revenue that's paid.
Q. This land administration, is that part of EQT Production?
A. No, it's part of our shared services group.
Q. What's the name of that corporate entity?
A. I'm not sure.
Q. We'll make a note to ask that later.
A. I can find it out. They're a shared services group for all of EQT Corporation.
Q. Well, why don't we take a look at Exhibit 3 and see if we can pinpoint who that may be. Would that be EQT Investment Holdings?
A. No.
MR. HENDRICKSON: Why don't we just do this, on a break we'll find out.
MR. ADKINS: Okay.
MR. HENDRICKSON: And then you can ask him.
MR. ADKINS: Sure.
Q. (By Mr. Adkins) Is this a department that's been a part of Equitable since you came on board in '84? There's always been a land

administration?
A. There's always been a land administration.
Q. So if there was a question about how do we treat this lease or this royalty provision, that's who you ask?
A. Right.
Q. Do you know who the current person in charge of that department is?
A. Yes.
Q. Who's that?
A. Louise Bugna.
Q. How do you spell that?
A. B-U-G-N-A.
Q. And where is she located?
A. Pittsburgh.
Q. In your same office complex?
A. Yes.
Q. As you sit here today are you aware if Equitable Production is the lessee on oil and gas leases that do allow for deductions for line loss and compression?
A. Yes, I'm sure there is.
Q. Likewise, are you aware if Equitable -- EQT Production is the lessee on oil and gas leases

that do not allow for deduction for compression and line loss?

MR. HENDRICKSON: As it relates to your clients?

MR. ADKINS: No, in general. System wise in West Virginia.

MR. HENDRICKSON: I don't think that's relevant.

MR. ADKINS: Well, but he can still answer.

MR. HENDRICKSON: I understand that, but if it's -- I mean, it's not calculated to give admissible evidence. They've got lots of leases with lots of different people and what I don't want to do is get him bogged down in to trying to distinguish how we treat all other people. We may have a hundred different ways. I don't know --

MR. ADKINS: And I'm not getting down to that level of detail. I'm just asking him -- I mean, he indicated in his testimony just a moment ago that if a lease -- if a royalty provision in a lease designates a certain manner in which that lessor is to be treated then it's obviously coded in his accounting system like that. And I've got

documents which I can talk to him.

So obviously he has some familiarity in his job designation in terms of dealing with that coding. And his familiarity --

MR. HENDRICKSON: I'll let him go ahead and answer, but I want to restrict his testimony to your clients in this lawsuit, not what they do as a whole.

MR. ADKINS: But in the essence that he has a policy and procedure that he -- that EQT Production treats the lessors in West Virginia in a standard format, and my clients are included in that, I think I can talk to him about his policies and procedures.

MR. HENDRICKSON: I'll listen to your question. Go ahead and answer. Do you remember the question?

A. No.

Q. (By Mr. Adkins) Likewise, does -- is EQT Production the lessee on oil and gas leases in West Virginia that do not allow for deductions of line loss and compression?

A. Yes.

Q. In your job duties is there special codes

in the accounting system to make those distinctions, per lessor?

A. The land administration has to advise us of that. I mean, we're just accounting, right, and so we're not interpreting leases, we're not deciding what's allowable, what's not allowable and so on and so forth. They tell us and then we code it accordingly.

Q. And Mr. Crites, and I understand that, but -- and my question was, and I apologize if I didn't ask it properly, is, I'm not asking you if you or your group or department is making the distinction, I'm saying in terms of running the accounting system is there coding that you have to enter, and as you indicated at the bequest of the land administration department, to code a lessor with respect to whether or not deductions are permitted?

A. Yes.

Q. And can you tell me the process in terms of how that's done with respect to the accounting system?

A. Right. Well, each well has a division of interest, okay, and that division of interest

specifies who the owners are, working interest and royalty interest. And on that well you can exempt someone from deductions and treat them differently than somebody else based on their lease language. So at the well level for individuals you have the ability to set how they are to be paid.

Q. If you have, let's say, several leases behind a sales meter, that's a hypothetical, well, it may not be a hypothetical, it may be true, I just can't point to the leaseholder, groups of lease holds that would fit this example, but if you have several leases behind the sales meter and some leases allow deductions or you're instructed by land administration --

A. Sure.

Q. -- that some leases allow for deductions and some do not.

A. Sure.

Q. And those are coded appropriately in the Enertia system.

A. Correct.

Q. It's my understanding that the way it works right now is gas is sold at the well to Equitable Energy, Equitable Energy then takes the

measurement at the sales meter, calculates that revenue, deducts its gathering and compression charges that it incurs from Equitable Gathering Equity, deducts that from the overall sales revenue and pays EQT Production; is that a correct description?
A. That's correct. That's correct.
Q. If you have -- again, going back to the collection of leases behind the sales meter, some allow for deductions and some don't, how do you allocate gathering deductions per lease, per well, if you have some that aren't paying for the gathering and some that are? Do you understand my question?
A. If there -- if there are gathering deductions on a lease that doesn't permit those then EQT Production will pay those.
Q. Pay that lessor's share?
A. Right, correct.
(Exhibit 5 marked for identification.)
Q. Mr. Crites, I'm going to hand you what's been marked as Exhibit 5. This is a document that was produced by your counsel. It's entitled McDonald Land Company, Et Al. Leases. And it

appears to be dated October 17, 2002. Have you seen this document before?
A. I don't believe so.
Q. So it's probably likely that you didn't --
A. I may have, but I don't recall.
Q. You weren't with the company during this time period were you?
A. I was not.
Q. So you wouldn't have participated in the creation of this document?
A. I would not have, no.
Q. Is this something that -- based upon your experience with EQT does this appear to be something you might see come out of the land administration department?
A. Possibly.
Q. How is it communicated to you about whether or not deductions are permitted on a particular lease or particular well? Do you receive spreadsheets with checkmarks or, from the land administration group, how is it communicated?
A. We receive an e-mail or a spreadsheet for new wells that are turned in line with the way the leases need to be treated, the wells on that need

to be treated.
Q. Now, I'd like to take you to page 6 of Exhibit 4 and talk about the revenue distribution process pre-2005, because that's how these are broken down essentially in the discovery responses.
In prior to 2005, and I understand you didn't come back on until 2003, was there a set company that purchased all of the gas produced by Equitable Production?
A. Yeah, it would have been EQT Energy.
Q. What about pre-2000 when you left the company, say '84 to 2000?
A. Same.
Q. Same. So there was always a, I'll call it a sister company but --
A. Correct, correct, a marketing.
Q. Sister company -- huh?
A. Yes.
Q. A marketing company?
A. Right.
Q. It might have had different names but it's always been kind of Equitable Energy, right?
A. Right.
Q. And that's who always purchased the gas of

Equitable Production?
A. Right.
Q. Has there always been a separate gathering company who transported the gas from the wellhead to the point of sale for Equitable Energy?
A. No.
Q. Tell me about the process pre-2005 of how the gathering, to the best of your knowledge, how the gathering was handled?
A. I believe pre-2005 all the gathering lines were owned by the production company.
Q. So the production company owned the gathering lines and maintained the gathering lines?
A. Correct.
Q. What was the point of sale for royalty calculations pre-2005?
A. Sales meter.
Q. And that's changed, right now post -- or from 2005 on the point of sale is in fact the wellhead?
A. Correct.
Q. Pre-2005 how was the sales price of the gas negotiated or set with Equitable Energy?
A. It would have been set at the third-party

custody transfer point.
Q. But how is the actual price set? Was it an index price?
A. Index, for the most part, yes.
Q. You say for the most part, would there have been other factors that would play in the --
A. I mean, there could be other sales on the system not at a major point.
Q. Tell me more about those?
A. There could be sales to other third-parties off the system before it got to the major sales point.
Q. Is that a common occurrence?
A. Generally no.
Q. Would that have happened in the area surrounding my clients' lease estates, is that something --
A. I'm not sure.
Q. So generally speaking the majority -- at least the vast majority of transactions of gas sales that occurred pre-2005 would have been from Equitable Production to Equitable Energy?
A. Correct.
Q. And that would have been paid at an index

price?
A. Right.
Q. For the allocated measurements set at the sales meter?
A. Correct.
Q. What index would Equitable have used pre-2005 for the gas price?
A. It would depend on where the gas was delivered, whether it would be a Dominion or Columbian.
Q. For the Logan-Mingo area where would the gas be delivered?
A. Both of those.
Q. Dominion or what was the other?
A. Or Columbian, and those are published indexes.
Q. In your experience are those indexes -- Dominion and Columbian are pretty close together in price?
A. Yes.
Q. And likely I think you indicated earlier in your testimony those have been -- pre-2005 those were the index prices you would change on a monthly basis?

A. Yes, they always change.
Q. In the pre-2005 time period would Equitable Production and Equitable Energy have a sales contract for the sale of gas?
A. I'm not sure.
Q. Are you aware currently if Equitable Energy and -- well, EQT Energy and EQT Production have a sales contract for the sale of gas?
A. Yes.
Q. Do you know who negotiated that contract?
A. I do not.
Q. Do you know who at EQT Production is in charge of negotiating such contracts?
A. I do not.
Q. Now, when Equitable Energy -- again, we're talking pre-2004 --
A. Sure.
Q. -- when Equitable Energy would buy the gas at the sales meter, Equitable Energy would pay Equitable Production the revenue for the volume measured at the sales meter minus charges that it might incur from -- if it had to be transported on third-party gathering lines?
A. Only on third-party pre-2005.

Q. Let's talk about -- and I've got some maps if you need to look at it, but are you familiar with any other third-party gathering lines in the Logan-Mingo area?
A. I'm not.
Q. So as you sit here today that probably wouldn't have been an issue for my clients' wells in pre-2005, that they would have incurred any third-party gathering fees?
A. I'm not sure.
Q. Is that something that your department could research and determine?
A. Yes, we can research that.
Q. So again, from essentially a hypothetical standpoint, if one of my clients' wells, the gas from one of its wells was transported on Equitable Production's gathering system and then sold at the point of sale and there were no third-party gathering fees, and Equitable Production -- or I'm sorry, Equitable Energy would then pay Equitable Production the index price of the gas -- the allocated gas produced from that well?
A. Correct, pre-2005.
Q. Pre-2005?

A. Right.
Q. At that point would Equitable Production make any deductions for its -- for its role in moving the gas along its gathering lines?
A. Yes.
Q. And how was that gathering fee calculated?
MR. HENDRICKSON: If you know.
A. Yeah.
MR. HENDRICKSON: I mean...
A. I mean, granted, there would have been a fee, I'm not sure.
MR. HENDRICKSON: We're not saying it didn't occur, I just don't think this witness can answer that question.
MR. ADKINS: Okay. Well, now, this was a pretty important part of my notice, so is EQT Production going to name somebody else that can testify about the manner in which the gathering fees were calculated and assessed?
MR. HENDRICKSON: Yes.
MR. ADKINS: Because we'll need to do that. Because that is a --
A. Pre-2005, right?
Q. Yeah, yeah, yeah. And I'll say for the

record, Mr. Crites, you're being very forthcoming and helpful, but that --
MR. HENDRICKSON: He can talk about some of it, but I mean, if you want to get down to everything that was deducted and how they calculated that I don't --
A. I can't speak to that.
MR. HENDRICKSON: He doesn't know that.
A. I can't speak to that.
Q. What about post-2005, the manner in which the gathering fees are calculated?
A. I...
Q. We'll get into that.
A. That's fine.
Q. But you really don't know the nuts and bolts of that?
A. No, that's not our side of the business.
Q. Well, pre-2005 that would have been Equitable Production's side of the business, because they were in fact in charge of gathering?
A. Right, right.
Q. And was there a separate department within Equitable Production that handled that aspect of the business?

A. It wasn't revenue accounting.
Q. Would it end up in revenue accounting?
A. I don't really recall, like, who that was, but it wasn't our group, my group, that calculates gathering rates.
Q. I mean, it would -- those rights would eventually end up in your department because they would come out of the revenue generated?
A. Right, right, and I can research that and find out, you know, who was responsible for that then, but I don't -- that's seven, eight years ago, I don't remember.
MR. ADKINS: I appreciate it and I'll just ask counsel --
MR. HENDRICKSON: We'll find it out.
MR. ADKINS: Okay, and let me know and we'll want to set that deposition. But just for the purposes of the record I will say that that would come under this same notice in terms of a designated representative.
MR. HENDRICKSON: We understand.
Q. (By Mr. Adkins) Do you know whether or not the gathering rates or the gathering charges were something that would have been set forth in a

contract between Equitable Production and Equitable Energy?
A. No, I do not.
Q. Now, those gathering charges, those would be what I would call monetary deductions, i.e., there was a charge assessed for gas from these wells to get to the meter and this dollar figure is going to be taken out of the royalty; is that a correct --
A. That's correct.
Q. But in the instance where you have a allocated gas measurement, i.e., the difference between the gas measured at the well versus the gas measured at the sales meter and then allocated back to the well, you're going to have a difference in volumetric measurements, correct?
A. Correct.
Q. And is it -- is that something that EQT -- or Equitable Production, again, pre-2005, would designate as a volumetric deduction for, say, line loss or compression?
A. Well, it's the sales meter allocated back. I mean, we pay royalties on the gas that's sold. So it's not a calculation, it's part of an

allocation.
Q. Is there any type of coding in the Enertia accounting system for leases that specify that they're to be paid one-eighth royalty from gas at the wellhead versus one-eighth royalty at the point of sale?
A. If that exists, then yes, there would be.
Q. Are you familiar with such things existing in your system, such designations?
A. Not specifically, no.
Q. Is that something that you can research and let me know if there are -- if that designation is made for any of my clients for example?
A. Sure.
MR. HENDRICKSON: Could we take a short break?
MR. ADKINS: Absolutely.
THE VIDEOGRAPHER: Going off the record. The time is 10:56 a.m.
(Break.)
THE VIDEOGRAPHER: We are back on the record. The time is 11:12 a.m.
Q. (By Mr. Adkins) Mr. Crites, we were talking about coding of deductions or the coding in

the Enertia accounting system with respect to deductions being allowed or not allowed.
Are you familiar with any instance where your department would receive notification from the land administration department that for a particular lessor that one deduction may be allowed and another may not be allowed? For example, have you ever been told in your experience that under a particular lease deduction for line loss is permitted but not for compression?
A. I think the land administration department communicates that type of information, not specifically to me, to, you know, my employees who then set up the wells in the system. So if that occurred, then yes, they would have received that communication.
Q. Is there -- is the coding in the Enertia system, does it allow for such specific tailoring of the deductions?
A. Yes.
Q. So when Equitable Production, specifically your department, is given the data with respect to -- I'll just generally call them gathering charges, are those charges communicated to your

department in enough detail that you can separate deductions made for compression, deductions made for line loss, deductions made for, say, condensation?
A. The communications should be specific.
Q. And can you tell me --
A. To the best of my knowledge it's specific.
Q. Okay. And could you tell me maybe how specific it is, maybe the categories of deductions that are communicated to your department and placed in the Enertia system, if you know?
A. I don't know how specific.
Q. Okay. Would someone in your department be able to tell me how specific or would you be able to find out that information?
A. I can find that out.
Q. But in your experience you do know that if such -- if the land administration did communicate a distinction between for a particular lessor as to what deductions are permitted and what are not permitted under the lease, the Enertia system would be able to compensate for that?
A. Correct.
Q. And pre-2005 those gathering charges --

again, I'm using that term to cover kind of all of these deductions -- that would be data collected and measured internally within Equitable Production, correct, pre-2005?
A. I think that's correct.
Q. Whereas post-2005 that would be data that would be measured and collected by Equitable Gathering Equity and then communicated to someone?
A. Right, post-2005.
Q. We were also talking about, again pre-2005, the index used for the payment of royalties, or the index used, I'm sorry, for the sale of gas to Equitable Energy, and that it could be either, at least for the area where my clients leases are located, either the TECO index or the Dominion index, correct?
A. That's correct.
Q. Now, is it specified per sales meter or is it a blended rate?
A. The index is per sales meter depending on who the custody transfer person is, whether it's Dominion or TECO. But the overall rate would be a blended rate.
Q. For that gathering system?

A. Correct.
Q. So how are the royalties calculated, on a blended system or per index per sales meter?
A. On a blended.
Q. Who kind of blends the rates? Is that something your --
A. The system does that automatically.
Q. On a monthly basis?
A. Correct.
Q. Why is it not allocated per well per index price for that particular sale point?
A. Because you can not take a molecule of gas and dedicate it to a single meter if the gathering system provides that that gas can be delivered to multiple points.
Q. Meaning the gas produced from a particular well may enter the gathering system and you won't be able to tell whether or not it enters that sales point or that -- the sales point for TECO or sales point of Dominion?
A. That's correct.
Q. If it could potentially be delivered in different locations at a sales meter how is Equitable Production able to allocate it from the

sales meter back to the wellhead?
A. Enertia has delivery systems set up. Those delivery systems have groups of wells and multiple sales points that those wells can deliver to. So from those sales points the revenue, the gas that's sold, gets allocated back to the wells that are behind those points.
Q. Even though some of the gas from those wells may have ended up not at that sales meter but at another sales meter?
A. Correct.
Q. Wouldn't that affect the manner in which Equitable Production calculated the line loss and the allocated production from that particular well?
A. In the Brenton District where the McDonald wells are located there was considerable effort put in a few years ago to be able to move gas to multiple points to avoid curtailments. So at any point in time the field guys can move gas in any direction to avoid curtailments.
Q. What do you mean by curtailments?
A. An example of a curtailment is let's say that TECO contacts our gas measurement group or Equitable Energy and says this meter can no longer

flow, the system is full, so EQT Gathering has put in mechanisms to be able to divert that gas to other meters.
MR. HENDRICKSON: Keeps it from being shut in.
A. Exactly, exactly.
Q. It keeps production flowing?
A. Yes, exactly, it avoids curtailment.
Q. Meaning you don't want a cessation of production from a particular well due to the -- any problems or issues that might occur at a sales meter?
A. Right.
Q. When did that take place? You said that was a couple years ago.
A. I'm not sure.
Q. It would have been after 2005 though, right?
A. It would have been, yes.
Q. Pre-2000 -- pre --
A. Well, let me step back and say I think it was somewhere around 2005, 2006 that Equitable, you know, put in extra infrastructure to make sure that curtailments could be avoided.

Q. What would happen before that time period with respect to curtailment?
A. If curtailments occurred then gas would be shut in, restricted.
Q. You also talked about other points of sale other than the sales meter within a gathering system. Were you referring to maybe field taps?
A. If they exist, yes.
Q. Do you know if any existed in this Brenton area?
A. I don't know for sure. It's not uncommon for that to happen.
Q. How is -- pre-2005 how would any gas that was -- that left the system at a field tap, how would that be factored in, in terms of royalties?
A. If it was a field tap to a residence it would be at a residential rate. If it was to a municipality then it would be at the rate that EQT Energy had with that municipality.
Q. How would the lessor be paid for any gas that was produced at its well that might have been left at a field tap?
A. The gas that -- those -- those sales would all be part of the overall allocation.

Q. Would the lessor be paid the index price or would it be paid, say for example, the contract price with the municipality?
A. The contract price with the municipality.
Q. What if there was an issue with -- that the lessors royalty provision said index price versus, say, sale price?
A. It would still be the sales price.
Q. The contract price?
A. Because overall it's a -- it's an overall weighting of a price. Because once the gas enters the pipeline and the molecules mix you can't specify it back to any particular point.
Q. Do you know if there is a coding within the Enertia system that a particular lease, oil gas lease, calls for that they are to be paid at an index price or market price versus the actual sales price?
A. If that exists and we are notified then that's what we would do.
Q. Are you familiar with such coding being put in the Enertia system?
A. Not specifically, no.
Q. Can you find out if such coding exists in

West Virginia?
A. Sure. With respect to your clients?
Q. Yes, but procedurally as well.
A. Okay.
Q. I don't need to know the -- I'm not asking you to give me specifics of any other lessors other than my clients but I do want to know if such a procedure exists within EQT Production for West Virginia.
A. Right.
Q. Now, for this particular area is it Brenton District or Brenton Region?
A. It's a district. We have operating areas referred to as districts.
Q. Yes, sir. Okay, the Brenton District, do you know if within that district there are working interest owners?
A. It's possible but I'm not familiar with that.
Q. But you are familiar with instance -- I'm sorry, strike that.
You are familiar with instances of within EQT Production's system, again pre-2004, where you would have a working interest owner?

A. Yes.
Q. And would that working interest owner, would that have a specific certain coding in the Enertia system for how they would be treated?
A. Yes.
Q. Would they be paid -- strike that.
Would they pay, say, different gathering charges than say a normal lessor would be?
A. No.
Q. They're paid the same?
A. Yes.
Q. Or they pay the same in gathering charges?
A. Yes.
Q. The allocation is the same?
A. Yes.
Q. Would it also depend upon the lease or agreement that they have with EQT Production or Equitable Production pre --
A. If it applied, yes.
Q. We talked about the type of monetary deductions taken in pre-2005, and that would be the cost for compression -- would compression be a volumetric deduction or monetary deduction?
A. It could be both.

Q. Meaning that when Equitable Production is compressing the gas in its gathering system it's going to factor in its cost in compress -- its internal cost in compressing the gas, and then allocate one-eighth of that cost to the various wells?
A. EQT Gathering, yes.
Q. Well, I'm talking pre-2005?
A. Oh, okay.
Q. So is my statement correct?
A. Yes.
Q. But in addition to that internal cost that they are going to -- that EQT -- or Equitable Production would take a monetary deduction allocated amongst the wells, there would also be a use of gas in that compression; is that correct?
A. It's possible, yes.
Q. And that would in turn decrease the amount of gas that reaches the sales meter?
A. Correct.
Q. And that reduction in the volume of gas that reaches the sale meter would in essence become a volumetric deduction that would be allocated back to the well?

A. Yeah, the volume at the sales meters is what would be allocated back.
Q. By using gas at the compression station would in essence mean that less gas would be allocated back to the well from the sale meter?
A. Correct.
Q. So -- strike that.
Is there any monetary deduction formula that Equitable Production used pre-2005 in relation to line loss?
A. I can research that for you. I don't know that answer.
Q. We'll make a note of that, but the reason I'm asking that is, you know, I just asked you questions about kind of the monetary deduction and volumetric deduction characteristics of using gas for compression. What I wanted to know now is if there was -- you know, obviously as we've already discussed pre-2005 there is a volumetric deduction factored into the royalty calculation in relation to line loss, i.e., we have a measurement taken at the well, a measurement at the sales meter which is allocated back, and those two numbers aren't going to match and the difference is the line loss?

A. That's correct.
Q. And also possibly the use of gas at compression?
A. Correct.
Q. Another factor in this gathering process which I'm not that familiar with, Mr. Freund I'm sure is, but condensation. What is your understanding of how condensation comes into play with respect to the production of gas?
A. I'm not familiar with that.
Q. People a lot smarter than me refer to that term and I just wanted to get your input on it. I'll ask somebody else, so I guess you're off the hook on that one.
A. Okay.
Q. Pre-2005 -- and if I asked this previously I apologize -- but pre-2005 in this Brenton District were all the gathering lines owned by Equitable Production?
A. Yes.
Q. Do you know when Equitable Production started making deductions from royalties to lessors for gathering?
A. I would think those have always existed.

Q. So when you came on in '84 -- well, when you were with Union Drilling, starting I think in '83, right?
A. Actually, '81 was Union.
Q. '81, I'm sorry. Was Union Drilling taking deductions for gathering?
A. I don't remember. I don't recall.
Q. Do you recall when you started with Equitable in '84 if they took deductions for gathering?
A. I don't recall. I do think that they most likely existed the entire time. I don't know why they wouldn't have.
Q. As you sit here today you don't recall there being a time when gathering charges weren't deducted from royalties and then they switched and started taking them?
A. Not that I'm aware of, no.
Q. I'm sorry, bear with me just a moment.
And do you know how often -- and I asked you earlier about if you knew how the gathering charges were calculated or set up and done and you said you weren't familiar with that process. Do you know how often in pre-2005 adjustments of the

gathering rates or the gathering charges, how often they were made and how they were communicated to your department to be placed in the system?
A. I do not. I can certainly find that out.
(Exhibits 6, 7 and 8 marked for identification.)
Q. Mr. Crites, I'm going to hand you what's been marked Exhibit 6 to your deposition and I've got a couple more I want to show you. This is 7 and this is 8.
MR. ADKINS: I'm keeping -- I'm getting the right numbers on the Deposition Exhibits aren't I?
THE REPORTER: I believe so.
MR. ADKINS: Okay, you may need to double check.
Q. And then this is Exhibit 8. Now, I'll go through those. Exhibit 6 is a royalty statement for one of my clients for -- some of these dates are a little cut off but the production date is November 2003.
A. Okay.
Q. Exhibit 7 is a printout from the West Virginia DEP web site for Well API 05-01338, which I will represent to you is the -- that is the well

number for -- at least the internal well number is 214571 for Equitable Production.

And then Exhibit 8, a revenue payment history by owner for property 214571 which is from 1999 to December 2011. Now, Exhibit 8, is this a document produced from the Enertia system?

A. Yes.

Q. So this is a document you're probably pretty familiar with?

A. I've seen it, yes.

Q. Or this type of document I should say?

A. Yes.

Q. Now, Exhibit 6, the royalty statement, are you -- is this a document -- the royalty statements, is this a type of document that is generated from your department?

A. Yes, it is.

Q. So you're also very familiar with this?

A. Yes.

Q. Looking at Exhibit 6, I'm going to be focused on the second to last entry for -- and it's a little cut off but it's Well No. 214571 at the bottom; do you see that?

A. Yep.

Q. And it's got Cole, Crane, Consol, it has decimal interest, and then under the heading Gross Volume, Owner Volume, the gross volume, is that the 1,843.40 number?

A. That's correct.

Q. Is that MCF?

A. Yes.

Q. And in the owner volume of 49.44, that's for that particular owner's interest in this well, correct?

A. Correct.

Q. And that's 49.44 MCF?

A. Correct.

Q. Is the index price listed on here, is that the 5.09?

A. Yes.

Q. Can you -- is that -- would that be a blended rate in relation to the TECO and Dominion index?

A. That is a blended rate on an MCF basis.

Q. And it's blended between those two indexes?

A. I would need to look at the well to see what sales point -- I believe that the Brenton

wells, district wells, are primarily TECO and Dominion. It could have some other very, very small prices in it also. I don't mean small prices, I don't mean low prices, I just mean a very small percent of that total.

Q. And the next column is the gross revenue which is essentially the MCF multiplied by the price per MCF of 5.09, correct?

A. Correct.

Q. And then apparently under the Gross Taxes, Owner Taxes column there's no taxes deducted. And then you have Gross Deducts, Owner Deducts of -- from an overall well you have $385.16? That is in dollars, correct?

A. Correct.

Q. And then for that particular owner $10.33, correct?

A. Correct.

Q. Do you know what -- by the fact that deductions are listed in this column would you conclude that this is a -- at least in the Enertia system this is a well or a lease that permits deductions?

A. Correct.

Q. And there were such distinctions made in the Enertia system pre-2005?

A. Yes.

Q. Of then of course the Well Net Revenue, Owner Net Revenue is listed, and essentially that is gross revenue, owner revenue, with the deduction taken out, correct?

A. Correct.

Q. Now, if we could take a look at Exhibit 7, and we'll focus in on the November 2003 gas production that was submitted by Equitable to the West Virginia DEP, and that number is 2,219, is that in MCF?

A. Yes.

Q. And that would be the recorded volume of gas produced at the wellhead?

A. On Exhibit 7 that's correct.

Q. Whereas the gross volume produced for that well for that month in the royalty statement is $1,843 -- or I'm sorry, 1,843.40 MCF?

A. Correct, that's what -- that's the volume that made it to the sales point.

Q. Or that was based upon the metered gas at the sales point allocated back to that well?

A. Correct, that's correct.
Q. Because I think as you indicated previously you can't measure --
A. There are multiple sales points, right.
Q. So based upon the formula in the Enertia system -- is the Enertia system the system that does the allocation back to the well?
A. Yes.
Q. Taking a look at Exhibit 8 now, if you'll turn to the Bates Number page EQT002681.
A. 26801?
Q. No, 2681.
A. 2681, okay.
Q. And I had a little hard time reading this, so maybe you can help me, but towards the top middle of this page there are actually several entries that say 11/1/2003. And what I'm trying to be able to understand is which entries are for the November 2003 production. I've got a highlight if that helps, but I thought you would probably be able to explain this statement better than I could.
A. I...
MR. HENDRICKSON: Again, if you don't

know --
A. Yeah, you know what, I need to do some math here, but these should all add up. And this is just -- this revenue payment history is just for this owner.
Q. Yes, correct.
A. Is that correct.
Q. Yeah. This is just for that owner.
A. Yeah, so if you add the entries that are here that should equal the total on Exhibit 6.
Q. Well, there is a line item of 241.47 which is, you know, a cent off of the owner net revenue on Exhibit 6. And I'm just -- to be honest with you, Mr. Crites, I'm trying to figure out what these mean, all these figures in this mean.
MR. HENDRICKSON: Do you want to go off the record and do the math?
A. Yeah, that'd be fine.
MR. HENDRICKSON: Why don't we do that. Can you get a calculator?
THE VIDEOGRAPHER: Going off the record. The time is 11:46 a.m.
(Break.)
(This exchange occurred off the video record.)

MR. HENDRICKSON: Counsel is going to agree that any sections of the deposition referring to the witness' -- referring to the witness' DUI will be put under seal and not to be opened unless by agreement of counsel or order of the court.
MR. ADKINS: Yeah, and counsel for Plaintiffs agree to that.
THE VIDEOGRAPHER: We are back on the record. The time is 11:54 a.m.
A. Okay, so on Exhibit 8, on Exhibit 8 on the left-hand side there's an accounting date and a production date, which was the confusing part to me when I first saw this.
Q. Okay.
A. If you look down the page the accounting date -- the numbers you want to look at are 50 MCF, 56 MMBTU or dekatherms.
Q. All right.
A. All right. And that -- I'm just guessing that it's a rounding issue from looking at Exhibit 6.
Q. Okay.
A. The money is the -- let's see, actually I apologize, if you go down a little further you're

going to see the 251.80, and right above that is the penny that goes with it to get the amount on Exhibit 6.
Q. What is that penny from?
A. That my guess is probably the allocation of the farm tap value.
Q. And that would be the -- on Exhibit 6 that's the gross owner revenue?
A. Correct, 251.80 plus the penny. And then to the left is the volume, 49 MCF and 55 dekatherms.
Q. So the 49 is MCF?
A. Correct.
Q. And the 55 is dekatherm?
A. Correct. And if you look at Exhibit 6 you'll see 49.44 which obviously will round down to 49.
Q. Is the dekatherm reference on Exhibit 6 anywhere?
A. No.
Q. How does that factor into the royalty calculation?
A. Exhibit 6 is merely a remittance advice, a royalty statement. The calculations for the

revenues to be paid to the royalty owners are based on dekatherms because that's how the gas is sold. When we talk index prices they're dekatherm prices, right. Enertia does this based on dekatherms for the money side of it. Its an allocation of MCF.

Q. Well, that's a very important point that I'd like to go to. Has that always been the case pre- and post-2005 that the sale price of the gas at the point of sale is paid on an index price by dekatherm?

A. That's correct.

Q. Not MCF?

A. No. I mean the software -- the software package that we have, Enertia, this is the format that it produces, all right. It's not a custom package for just EQT, they have lots and lots of customers and this is the software and the presentation that it makes on the remittance statement.

Q. What is the difference in being paid on -- well, let me back that up. What would be the difference in the price of gas sold by dekatherm at the point of sale versus if it was sold per MCF?

A. Well, the difference between the MCF and

the dekatherm is the heating content of the gas, and the gas is sold on a dekatherm basis at the sales point. So the MCF is just a component of the heat factor of the gas. So the MCF price is going to be higher than the dekatherm price. But the dekatherm price is what's actually used in calculating revenue. So that's how the gas is sold.

Q. How does the dekatherm price factor in with respect to an individual lessor's royalty, pre-2005, because I'm trying to stay in that area?

A. It's just the rate at a sales point, then allocated back to all the wells, that's volume flowed to that sales point.

Q. So pre-2005 the gas would be measured at the sales point by MCF, and then based upon the BTU content of the gas produced at that sales point it would then be paid on the dekatherm basis?

A. Correct.

Q. So back to these documents, we've got the -- you've shown me where you came up with the -- or the gross owner revenue on here and how that is calculated, because it's got the volume and MMBTU, the volume, there is -- let's see, the next

column is Total Netting, Total Roy -- I assume that's Royalty Burden, what is that column for?

A. Netting would be if you're a working interest owner and you have lease operating expenses, those would be deducted. But in the case of the royalty those don't exist.

Q. And then the next column, Total Taxes, Total Deducts. Now, there's a couple figures here, at least for 11 -- November 2003. And some of these may be related to this month and some may not. This 10.47, what's that number?

A. That is -- actually that's --

Q. Or is that for October?

A. That's October. The counting month is the first date.

Q. How do you tell which one is the accounting month?

A. Because if you look at the top of the page on Exhibit 8, accounting month is going to be listed first and production month is underneath it.

Q. I see. I bet this is color coded at your office isn't it? I'll have Dave and Steve spring for the color copies next time.

MR. HASTINGS: Actually, we produced this

in whatever color format it came on.

MR. ADKINS: Well, then next time you ought to have Equitable spring for the color copies.

Q. (By Mr. Adkins) Anyway, so the deduct for this month, is that the 10.33?

A. Correct.

Q. And that's the monetary deductions actually taken out?

A. Of the sold volume, that's correct.

Q. And then that shows up, you have, I guess, the 241.47, and then the single cent which you think may be a field tap or something?

A. Correct, which would allude with the fact that it's a very small piece of the entire sales volume for that month.

Q. And that number is in fact reflected in the owner net revenue on Exhibit 6?

A. Right.

Q. But you would agree with me though, would you not, that the volumetric deduction is not indicated on Exhibit 6?

A. That's correct. Exhibit 6 represents an allocation of volume that was sold.

Q. So would you agree with me that Exhibit 6 does accurately represent the monetary deductions taken out of this lessor's royalty but not the volumetric deduction?
A. That's correct.
Q. Was it ever discussed pre-2005 internally about using the allocated volume on the royalty statements versus the actual produced volume?
A. I'm not aware that that discussion ever took place.
Q. At least not in your presence?
A. Right.
Q. And of course pre-2005 Equitable Production paid royalties on the allocated volume not the actual volume?
A. Correct, on the volume that was sold.
Q. For all wells?
A. Correct.
Q. In West Virginia?
A. Correct.
Q. As I think you indicated earlier you're not aware of any natural gas liquids present in the Brenton District that would be a factor in calculating royalties?

A. No, there are none.
Q. Is it a factor -- and I think you indicated that that is present in northern West Virginia, is that a factor in calculating royalties?
A. Yes.
Q. Does -- is a royalty owner receive compensation for the natural gas liquids that are extracted from their gas and then sold?
A. Yes.
Q. Now we're going to move post-2005. What changed? I mean, why did things change in 2005?
A. I'm not sure I know the entire reason for that. But I think -- I believe in 2005 was when EQT decided to create a mixturing company, all right, so all the gathering lines that were formally owned by the production company were moved to the mixturing company. That's the major change that occurred.
Q. Well, I guess the process for that change I guess would have started in probably 2004, because I know the contracts were signed effective as January 1st, 2005.
A. Right.

Q. So the 2004 would have been I guess when you learned that these things were going to happen?
A. Right.
Q. But you're not aware of what the corporate decision making process in moving to this different process of having a gathering company separate and apart from Equitable Energy and Equitable Production?
A. No. The only thing that I'm -- was aware of is that there was a focus on separating the two and concentrating on having a midstream asset and a production asset.
Q. Because before, pre-2005, it was you had the production asset and I think you called it the marketing asset?
A. Right.
Q. Whereas now you're going to have production, gathering and marketing?
A. Correct.
Q. Now, there was a contract executed for the sale of gas per district between EQT Production and -- well, I guess in 2005 it was still Equitable Production and Equitable Energy; are you familiar with that?

A. To the extent that they exist, yes.
Q. You weren't involved anywhere with the negotiation of the contract?
A. No.
Q. Who, post-2005 or after January 1st, 2005, and that's what I mean by post-2005 --
A. Sure.
Q. -- post-2005 who within Equitable Production would have been involved in negotiating that contract?
A. I'm not sure. I can certainly find that out, but I don't know.
Q. I mean, of course this is with a -- a contract between Equitable Production and Equitable --
A. Sure.
Q. -- energy is obviously a contract between sister companies?
A. Sure.
Q. That are in the same building, correct?
A. Correct.
Q. And in West Virginia essentially Equitable Energy bought almost all of the gas produced by Equitable Production?

A. That's correct.
Q. And continues to do so?
A. That's correct.
Q. And with the exception of maybe some field taps for municipalities for homeowners that want a tap, that's -- all the gas is getting purchased by Equitable Energy, right?
A. That's correct.
Q. Now, when this gathering component was initiated, i.e., Equity Gathering Equity I believe is what it was called, under that gas sales contract the point of sale changed?
A. Correct.
Q. What -- post-2005 what was the point of sale?
A. At the wellhead.
Q. Why did the point of sale change?
A. I don't know the answer to that. That was -- I mean, we'll find out who wrote the contracts and understand the rationale behind that.
From my perspective as revenue accounting we're going to still continue to get the same information we got before and our process doesn't really change.

Q. What do you mean your process doesn't change?
A. The allocation of sales to produced for the gas that's sold, we continue to just operate this under the same -- from an accounting perspective we continue to operate the same way.
Q. Well, that brings up a question I was going to ask you, because looking at the description of the manner in which royalties are calculated post-2005 versus pre-2005, it seemed like the allocation was essentially the same, as a result royalties were calculated the same?
A. Right.
Q. So even though the point of sale changed post-2005, the manner in which royalties were calculated for lessors did not?
A. That's correct.
Q. I'm sorry, bear with me just a moment.
Did the breakdown of the royalty calculations, essentially the data provided in a royalty statement to the lessor, did it change in the post-2005 time frame?
A. No.
Q. So everything we discussed a moment ago

with respect to what was disclosed or not disclosed on a royalty statement pre-2005 stayed the same post-2005?
A. That's correct.
Q. And remains the same today?
A. Correct.
Q. Now, the one change that I understand that took place post-2005 is now Equitable Production essentially turned over the gathering system to Equitable Gathering Equity. By the way, was that an asset sale or how did that transaction logistically take place?
A. I'm not sure. I can ask in-house counsel to clarify that for me.
Q. The way I understand it from the discovery responses of how the process works, gas being produced, is -- correct me if I'm wrong, gas is produced at the well, it is measured at the well by the well meter, and it is sold, technically sold, at the wellhead, or is purchased by Equitable Energy. It then enters the Equitable Gathering Equity pipeline system or gathering system. Then enters the sales meter at the interstate pipeline where it is again measured.

Equitable Energy takes that measurement at the sales meter -- does Equitable Energy do the calculation of the allocation back to the well or is that something Equitable Production does?
A. That occurs -- Equitable Production in Enertia. Equitable Energy still provides us with all the components, they provide us with the gathering costs, the sales volume and the sales price, which is why we're still able to provide all the detail on the remittance statements.
Q. Now, the gathering system or the -- since Equitable Energy purchases the gas at the well, Equitable Energy contracts with Equitable Gathering to move the gas?
A. That's correct.
Q. And as such Equitable Energy pays Equitable Energy to move the gas?
MR. FREUND: Pays Equitable Gathering.
Q. Oh, what did I say? Equitable Gathering, I'm sorry.
A. Yes. Equitable Energy pays Equitable Gathering.
Q. I should have had codes or something
MR. HENDRICKSON: Mark, look on page 331

of Exhibit No. 3. It's the -- I think that explains to you what type of a sale it was.
MR. ADKINS: 331?
MR. HENDRICKSON: Yeah, 00331.
MR. ADKINS: Gathering organization. I'm not sure if that completely helps me but -- I'm just trying to get an idea of how -- if there was a stock sale, asset sale. We'll figure it out.
MR. HENDRICKSON: We'll find it.
MR. ADKINS: But thank you for that.
Q. (By Mr. Adkins) So at the point of sale Equitable Energy has the -- measures the sales volume, and that's how they calculate how much they're going -- they use that number to calculate how much they're going to pay Equitable Production?
A. Right, but Equitable Energy doesn't measure it, they get the volumetric readings from the third-party.
Q. Yes. They receive that figure. Then they calculate -- is it Equitable Energy that then calculates the index price that they're going to pay on?
A. The index price is a published price inside. So whatever that -- whatever that index is

at that point is what they're going to...
Q. Now, the index price used post-2005, is that really the same methodology that was used pre-2005?
A. Yes.
Q. And that's going to be as we discussed at times, a mixed index rate?
A. Right.
Q. Now Equitable Gathering Equity charges Equitable Energy to move the gas?
A. Correct.
Q. Is that on a per MCF basis or do you know?
A. It's either per MCF or per dekatherm. I can find that out for you.
Q. Do you know how that rate is set?
A. I do not. That goes from mixturing -- from EQT Gathering to EQT Energy.
Q. Does Equitable Production involve itself any with the manner in which Equitable Gathering calculates or sets the gathering rate?
A. No.
Q. Should it?
MR. HENDRICKSON: Well, I'm going to object to that question. Go ahead and answer it.

A. EQT midstream gathering calculates the rate which is approved by the CEO and then ultimately by the board of directors, then that rate is given to EQT Energy.
Q. CEO and board of directors of what company?
A. EQT Corporation.
Q. And that of course is the ultimate parent company --
A. Correct.
Q. -- of Equitable Production, correct?
A. Correct.
Q. As well as Equitable Energy and Equitable Gathering Equity?
A. Correct.
Q. So if they say it's okay, then it's okay?
A. It's okay.
Q. So as a result of that process the money that is wired from Equitable Energy to Equitable Production for the sale of gas is already going to be the net payment?
A. That's correct.
Q. Is there any gathering charges that Equitable Production has that is included or made

part of the royalty that originates from Equitable Production not Equitable Gathering?
A. No.
Q. So all of the monetary gathering charges that a royalty owner received post-2005 is charges that are allocated to it from Equitable Gathering Equity?
A. That's correct. And if there are any third-party gathering charges that Equitable Energy has to pay to get the gas to point of sale, then those would be passed on to us too.
Q. But for the Brenton District you're not aware of any third-party gathering services?
A. I'm not aware, no.
Q. Now that there is this gathering component in the system, i.e. Equitable Gathering Equity, does Equitable Production's gas measurement group still play a role in this process?
A. Yes.
Q. On what level of the system? Is that only at the well or is it also well and sales meter?
A. It's well and sales meter.
Q. Why does Equitable Production take a role in -- or the gas measurement department or gas

measurement group of Equitable Production take a role in the sales meter if the gas is sold at the well?
A. They're still receiving the wellhead readings and the sales readings, because that's part of their -- the Flow-Cal system. And then that information needs to feed into Enertia for Enertia to do its allocation. So they need to receive both pieces of that in gas measurement to send to the production company and Enertia to do the allocation.
MR. HENDRICKSON: The guy that does this is in the gathering department. EQT Gathering is not in production.
Q. That's the gas measurement group?
A. Yes.
MR. HENDRICKSON: Yeah.
Q. Well, let me back up, okay.
MR. HENDRICKSON: I didn't want you to go through...
Q. No, that's fine. And that was kind of where I was going with that. What I want to know is post-2005 did the gas measurement group of Equitable Production then become the gas

measurement group of Equitable Gathering Equity, i.e., did that department kind of change employers, if you know?
A. I'm not sure. I don't think I know the answer to that.
MR. HENDRICKSON: We can find out.
A. I'm not sure who the gas measurement department...
MR. HENDRICKSON: It looks like the gathering group but we will find out.
Q. Is the data that is received -- and in fact originated from Equitable Gathering Equity, those charges, is it still broken down into enough detail that it delineates monetary deductions for line loss, monetary deductions for compression? Do you know?
A. There are no monetary deductions for line loss.
Q. That's going to be just --
A. That's part of the volumetric allocation.
Q. Because that's --
A. But as far as the cost --
Q. I'm sorry, I didn't mean to interrupt you. Go ahead.

A. Yes. That's fine. As far as the actual cost, yes, they give us that detail monthly, which is why we can continue to provide that detail on an owner statement.
Q. For the monetary deduction?
A. Correct.
Q. The volumetric deduction isn't indicated on the royalty statement?
A. Right, it's not.
Q. Currently does Equitable Production have any gathering lines, are they all owned by Equitable Gathering?
A. They currently own a couple in Pennsylvania, but other than that, no.
Q. Can you tell me what type of data Equitable Production receives from Equitable Energy in terms of the volumes at the point of sale, the amount of gathering fees it incurs, and any other data it would receive on a regular basis?
A. No, that's pretty much it.
Q. That's pretty much it?
A. That's pretty much it.
Q. I guess it would also receive the index price you use for the point of sale?

A. Right, volume, price, revenue and charges.
Q. Is there anyone at Equitable Production that monitors the estimated or calculated line loss that might occur at any given time on a system?
A. That's a gathering, EQT Gathering role. It's their job to find -- they're trying to minimize that, so yeah, there are people who do look at that.
Q. And I understand that because obviously they're in charge of the gathering system and it's their job to take care of the gathering system. But as the lessee for these oil and gas leases, Equitable Production -- you would agree with me Equitable Production is the lessee for these leases, correct?
A. Yep.
Q. Is there anybody at Equitable Production that monitors Equitable Gathering to make sure that they are keeping line loss at a minimum?
A. It's certainly in our financial statements.
Q. What do you mean in your financial statements?
A. I mean, in our internal financial

statements we have, you know, line loss by district. If it's -- if it's excessive then I'm sure we would question that.

MR. HENDRICKSON: I think his question is, I'm not trying to take over your deposition, do you know the individual in production that monitors that? If you don't know just tell him you don't know?

A. No, I don't know.

Q. But he also carried on to where what I was asking for as well, is that there is a report generated by district of the calculated line loss?

A. I believe the financial group and the production company does that.

Q. Is that -- so that's a report generated within Equitable Production?

A. Correct.

Q. Have there been instances during your career in which that is a -- something that you looked at on the financial statement and someone from Equitable Production will report it to someone about maybe we need to look at this?

A. We as -- we as a revenue distribution group when we're running your monthly processes if

we think that that is excessive, meaning that it's out of the normal month over month over month, then we contact gas measurement and work with them to try to figure out whether it's right or whether it's wrong.

Q. Who at gas measurement would your group contact?

A. There's a multitude of employees.

Q. It would be in the gas measurement group of Equitable Gathering Equity?

A. Right.

Q. And is the manner in which the BTU value is measured and calculated the same post-2005 as it was pre-2005?

A. Yes.

(Exhibit 9 marked for identification.)

Q. I'm going to hand you, Mr. Crites, what's marked as Exhibit 9 to your deposition. And you may want to pull out Exhibit 8 and Exhibit 7.

Specifically on Exhibit 8 if you could turn to Bates Number page EQT002686. And again I'm going to ask for your help on Exhibit 8. Specifically we're looking at on Exhibit 9 you look to the last full entry on that page for -- I guess

the lessor number would be 214571; do you see that?

A. Yes.

Q. And we're looking at December 2007 is the time frame. We've kind of gone through these figures. It appears that the blended index price for this period of time per -- well, tell me, the price is $8.03, correct?

A. Correct.

Q. Is that for dekatherm or for MCF?

A. Those are for MCF, the royalty statements are --

Q. For MCF. And again, we've got gross volume, owner volume, gross revenue, owner revenue, we've got gross deduct, owner deduct as well as well net revenue, owner net revenue, and as you indicated previously this is -- the royalty statements for the post-2005 period did not change?

A. Correct.

Q. Looking now help me out with the numbers of where the -- on the revenue payment history by owner what would be the MCF?

A. The MCF would be 54, and the dekatherms would be 59.

Q. So 54 is MCF, and this is on Exhibit 8?

A. Correct.

Q. The page I referenced earlier. And then the 59 is the dekatherm?

A. Correct.

Q. What is the -- what is the gross revenue for this owner, for this lessor?

A. The lessor's share is the 434.61 and the 35 cents above.

Q. What's the 35 cents?

A. It's most likely domestic usage. It's the small farm tap piece that we talked about.

Q. And then what number would be the deduct?

A. 26.53 and two cents right above it.

Q. Why would there be -- what's the two cents?

A. It's the deduct on the farm tap usage.

Q. Why would there be a deduct on the field tap?

A. Because the gas was moving through the gathering lines to get to that point.

Q. Then of course 26.53, that would be I guess the general charge incurred by Equitable Energy from Equitable Gathering Equity?

A. Correct.
Q. For a net of -- I guess the 408.08 plus the 33 cents; is that correct?
A. That's correct.
Q. What's the 33 cents -- oh, that's the 35 cents minus the two cents. I'm with you.
A. Yep.
Q. Now, the volume referenced on the -- both the royalty statement, Exhibit 9, and Exhibit 8, which is the internal Enertia printout, that reflects the volume -- the allocated sales volume?
A. Right, that's sales volume, gas that's sold.
Q. Whereas as the -- if you look at Exhibit 7 the sale -- or the gas measured at the wellhead for December 2007 was 2,228 MCF?
A. That's correct.
Q. Whereas the gross volume indicated for this well on the royalty statement, Exhibit 9, is 2,020.51 MCF?
A. That's correct.
Q. Post-2005 was there ever any discussion -- well, strike that. We'll get to that a little bit later.

In your discovery responses it referenced remittance statements.
MR. HENDRICKSON: What page? Exhibit No. 4?
MR. ADKINS: Yeah.
Q. Page 7 under heading Deductions. What do you mean by remittance statement?
A. That's Exhibit 9.
Q. That's the royalty statement?
A. Right. Correct.
Q. And as we've discussed several times the royalty statements reflect the monetary deductions but not the volumetric deductions?
A. Correct. The remittance statements reflect the volumes that were sold.
(Exhibit 10 marked for identification.)
Q. I'm going to hand you what's been marked as Exhibit 10. This is a document that Ms. Brisendine provided to my office regarding BTUs and -- have you ever seen this document before, something like it?
A. Yes.
Q. Tell me what's your understanding of this?
A. This document is for the years 1999

through 2010, volumes by wells on which we had BTU samples.
Q. A few columns down it has Own Deduct, deductions, which I assume means owner deduction?
A. Right.
Q. What type of deductions are those?
A. Those are the --
Q. Monetary deductions?
A. Monetary deductions.
Q. For all these years?
A. Right. And this is basically a summary of all the wells for all those years, a summary of the volumes, the revenue and the monetary deductions and the BTUs associated with these properties.
Q. Do you know who put this spreadsheet together?
A. I think I did.
Q. Back in 2010?
A. Yeah. It looks like something I would have generated out of Enertia.
Q. So would you have a BTU content for each well in the Enertia system?
A. This BTU that's on this exhibit is the average BTU for each well for this entire period of

time.
Q. How often would the BTU value for a particular well be checked?
A. I can't answer that.
Q. Would that be gas measurement that would take care of that?
A. Yes. That would be --
Q. Of course that would be part of the gathering system?
A. Right.
Q. And gathering or Equitable Gathering would then I guess report that to Equitable Production for entry in the system?
A. Correct.
Q. Does Equitable Gathering have access to the Enertia system in order to place data in directly?
A. Yes, gas measurement does.
Q. What about Equitable Energy, do they have access to the Enertia system in order to be able to input data directly into the system?
A. They do not.
Q. The only parties -- the only entities that have access to the Enertia system are Equitable

Production and the gas measurement department of Equitable Gathering?
A. Correct.
Q. I noticed in the organizational chart, Exhibit 3, there are actually several companies called -- with the name Equitable Gathering. You have Equitable Gathering, Inc.; Equitable Gathering Equity, LLC; Equitable Gathering, LLC; Equitable Gathering Nora, LLC, if you know, do you know why they have all these different Equitable gathering companies? Do they cover certain regions or what's the significance of that?
MR. HENDRICKSON: Do you know?
A. I do not.
Q. Okay.
A. I'm sorry, I was just trying to find them all in here. Yeah, I got them now.
(Exhibit 11 marked for identification.)
Q. I'm going to hand you what's been marked as Exhibit 11 to your deposition.
MR. HENDRICKSON: After this if you don't mind could we take a break?
MR. ADKINS: How about we take a break right now.

THE VIDEOGRAPHER: Going off the record. The time is 12:46 p.m.
(Break.)
THE VIDEOGRAPHER: We are back on the record. The time is 12:58 p.m.
Q. (By Mr. Adkins) Mr. Crites, let me ask you a question kind of going back to pre-2005. You've got Equitable Energy purchasing the gas for a -- from Equitable Production at an index rate based upon the allocated sales volume, how does -- how would Equitable Energy generate income for itself, if you know? I.e., would they go out and sell it at an index plus price?
A. They -- obviously they would sell it to somebody. I don't know that side of the business, so I...
Q. Do you ever see Equitable Energy's financial statements?
A. I do not. I know that -- just to be clear, I do know that they sell more gas than just ours.
Q. Okay. Who else do they sell gas for?
A. I don't know, but I know that they have -- there are other third-parties that they buy gas

from and sell. They are a marketing company.
Q. Do they -- do you know whether or not it's just generally maybe smaller producers or is it -- or do you know?
A. I don't know.
Q. Do you know, I mean, generally speaking, if Equitable Energy operates on -- is it profitable?
A. I don't know that.
Q. Because the reason I wanted to know is, is that if it sells at an index rate -- does Equitable Energy charge Equitable Production anything other than the fee it has to pay Equitable Gathering?
A. No.
Q. So there's no marketing fee or anything like that?
A. There's no marketing fee.
Q. I think I handed you Exhibit 11.
A. You did.
Q. And these are a series of reports that look to be -- most of which look to be printouts from the Equitable system, and I wanted to kind of go through these with you if you can explain them.
The first page of Exhibit 11, can you tell

me what kind of report this is?
A. That's a division order report.
Q. What's that?
A. It is -- in Enertia when you run the revenue distribution process and you have volume and revenue on a well, it has to look to a division order to know how to disburse that, either to EQT itself, to a royalty owner, to another working interest owner. And this report is -- it appears to be -- if you look in the center column you can see the interest type.
Q. Yes.
A. Those are -- an R is for royalty.
Q. So an R1 would mean just what, your standard royalty owner?
A. Correct.
Q. What are some other codes that you might find?
A. The W is a working interest owner.
Q. Are those the only two designations under this type of report, the R and the W?
A. There could be others.
Q. What about -- I think suspense code or SUS --

A. Right.
Q. What's that?
A. That's if a well is -- if an owner is on suspense for a variety of reasons.
Q. What's the 27 designate?
A. I don't know exactly what that one is.
Q. And working interest, obviously that speaks for itself?
A. Right.
Q. And then the net revenue interest, is that the -- that particular lessor's ownership interest in that lease?
A. In that well.
Q. In that well?
A. Correct.
Q. And then I guess the effective beginning date, is that the date of the lease?
A. No, that's the date of the division order. Typically land administration sets up the division orders, and I think it's their policy to just start with an 0101 1901 date and an ending date of 12/31/2078 is the date that we would need to renew the Enertia software.
Q. So do those dates really have any

significance to what you do?
A. No. Now, it does to the extent if there was a new division order that came out it would have a date other than 1901 -- 0101 1901.
Q. 1099 Report?
A. It just means it's reportable on 1099.
Q. And netting allowed?
A. That's almost always going to be yes if it occurs. That's more of a working interest owner for lease operating expense than a royalty.
Q. So why is -- yeah, because we talked about that on another report we went over, but none of these interests on this page are working interest owners?
A. Right. You have to continue over to page two. And if you look halfway down you're going to see that what it's telling you is is that the division order equals 100 percent.
Q. So why is it yes on everyone on netting allowed? Is it because there is a -- one working interest owner?
A. I believe that's just a default.
Q. The default is yes?
A. Yes.

Q. Does that in any way effect how the royalty is paid out?
A. No, it does not.
Q. What's deleted?
A. Deleted is if we were an owner in a well but it was operated by somebody else, and they sent us a check, then their interest is going to be deleted in the well, we're going to be the working interest owner.
Q. So the second page is essentially the second page is the report's on page one, correct?
A. Right.
Q. Looking at the third page, Revenue Transfer Note Listing, can you tell me what this is?
A. Actually, I'm not familiar with this one. I know what transfer means, from one owner to another for a reason, but I'm not familiar with -- this is something land administration would do.
Q. So is this kind of related to if an interest in a well is somehow transferred to another person, perhaps maybe not in the system or there is some kind of change in ownership, that would be what that's related to?

A. Yes.
Q. Let's look at the next page, this New Well DOI Entry, can you tell me what this is?
A. This would appear to be a land administration document for a well when they enter the division order and they're checking off the relevant information to make sure it was completed.
Q. Are you familiar with this document?
A. No, I've never seen it before, but that's what -- I mean...
Q. If I wanted to ask somebody about it I need to go to land administration?
A. If you want other than what I just told you. It looks like a checklist for entering the -- a new division order.
Q. And land administration, that's still part of Equitable Production, correct?
A. Yeah. I think we found that out today.
Q. Now, towards the bottom of that document, I know you're not familiar with this document, but it has a -- towards the bottom it has Review leases, Can we deduct G&C charges. Do you see that?

A. Yes.
Q. Do you know what G&C charges are?
A. Gathering and compression.
Q. And then the next box is, If so, notify accounting; do you see that?
A. Yep.
Q. And at this point if that was checked off then they would basically notify your department?
A. Right. I think earlier we talked about how we find out whether deductions are permitted or not permitted.
Q. The next page appears to be a computer screen printout, can you tell me what this is? Is this the screen capture from Enertia?
A. Yes. This would be something, again, that land administration would do. If you read the note it says, Transferring royalty interest to owner to correct address payments are being sent to. So they're basically changing a division order.
Q. There is a box up above that where it has owner level deduct; do you know what that is?
A. Yeah, yeah, I found it. I'm not familiar with what that is.
Q. And then two down is owner free deducts,

do you know what that is?
A. I do not. Again, this is a screen that I'm not familiar with or do anything with. I only understand what it's used for.
Q. So you don't know if it's maybe a default to check those boxes?
A. I do not.
Q. That would be someone at land administration can tell me?
A. Correct.
Q. All right, the next page, Comprehensive DOI Report, I think that's similar to the first page we looked at, correct?
A. That's correct.
Q. And then the next page, this really doesn't have a title, but if you could maybe tell me what this report deals with.
MR. HENDRICKSON: Are you referring to 31370?
MR. ADKINS: Yes, I am.
A. I don't think I've ever seen this before.
Q. At the end it has Lease Provisions, although provisions is misspelled, but it has severance, what is severance indicative of?

A. It's severance tax.
Q. And then it has transportation and gathering, I assume that means --
A. Yes would mean -- yeah, the lease provides that you're allowed to do that.
Q. Does this appear to be a document generated from Enertia?
A. My first inclination is to say no, but again, I'm not familiar with this, so I can't be sure.
Q. Sure. Then I think the next few pages are pretty much identical. If you'll just look over those and tell me whether or not you're familiar with those at all?
A. They look exactly the same.
(Exhibit 12 marked for identification.)
Q. Okay. I'm going to hand you what's been marked as Exhibit 12 to your deposition. This is a document produced by your counsel entitled Base Contract for Sale and Purchase of Natural Gas. And it has the Brenton Equity little note written at the top. I assume that is referencing the Brenton District, correct?
A. I would assume so.

Q. And this is a base contract for sale and purchase of natural gas between Equitable Energy, LLC and Equitable Production Company; is that correct?
A. It appears so, yes.
Q. And it's effective as of January 1st, 2005, at the top, correct?
A. Right, correct.
Q. Are you familiar with this document at all?
A. I think I may have seen it before. It's not something that I would deal with. It would be the basis for the rates that Equitable Energy would pay EQT Production.
Q. Were you involved at all with the negotiation of this contract?
A. No.
Q. Who would within Equitable Production?
A. I'm not sure because I looked at the signatures down here and there's not...
Q. Do you know who those people are?
A. Yes.
Q. Who's assistant treasurer that's signed on behalf of Equitable Production?

A. Philip Conti.
MR. HENDRICKSON: Actually, he signed on behalf of Equitable Energy.
A. Right.
Q. Look at the third page in Equitable Production, there is a John Bergonzi?
A. Correct.
Q. Is he with Equitable Production?
A. He's retired.
Q. Was he at the time? January 2005?
A. He was the -- I guess he was the assistant treasurer of Equitable Production Company.
Q. Do you know who he was employed by at that time?
A. Equitable Resources. Yeah, EQT Corporation.
Q. The parent company?
A. The parent, the parent.
Q. And then the next page -- it's the same, same signature, okay. And who signed on behalf of Equitable Energy?
A. Philip Conti.
Q. It appears he was assistant treasurer for Equitable Energy, do you know who his employer was

at that time?
A. The parent company.
Q. That'd be EQT Corp?
A. Correct.
Q. Turn a couple pages in to a document entitled Attachment One to the contract. Do you see Contract Price?
A. Yes.
Q. Let me read this into the record. Contract Price: Applicable First of the Month Index price applicable to the interstate pipelines into which the gas is delivered, less prevailing gathering related charges and retainage applicable to such points less any other agreed applicable fees or charges. And then it says seller. I don't know if that's cut off or not.
Less prevailing gathering related charges, that would be -- would that be the gathering charges that Equitable Energy incurs from Equitable Gathering Equity?
A. Correct.
Q. What about what are they referring to in terms of retainage?
A. Retainage is --

Q. Would that be the volumetric deductions we've been discussing?
A. No. Retainage as it's referred to here would be any third-party retainage.
Q. Can you give me an example of a third-party retainage?
A. Dominion, for example, might hold out 3 percent for fuel to move the gas on their system. So if you deliver to Dominion then they could possibly hold out, depending on the meter, they could possibly hold out retention?
Q. Has retainage always been an issue in terms of the sale of gas at the interstate pipeline?
A. Not always.
Q. When did it start becoming an issue?
A. I don't recall exact dates. I could probably find out for you but I don't recall exact dates.
Q. Do you think it would have been -- obviously it being discussed in this contract it was an issue in 2005. So would you agree with me since it was in this contract that that was obviously an issue that existed as of January 1st,

2005?
A. Possibly, yes.
Q. How is that reflected in the Enertia system? Is there a specific data entry for retainage?
A. When Equitable Energy pays us they take the retainage out of the price.
Q. And I assume that based upon a net payment that would be reflected, but my question is -- I know Equitable Production is advised as to what the specific gathering charge is?
A. Right.
Q. At least the monetary charge because it's indicated on the royalty statement, correct?
A. Right.
Q. But if there is a retainage fee that's incurred that affects the sales revenue is that a specific data point that is received by Equitable Production?
A. No.
Q. Who would have a record of what type of retainage is encountered at each sale?
A. Equitable Energy or EQT Energy.
Q. So you would agree with me that would

affect the bottom line for the individual lessor?
A. Correct. But again that would be volumes that were actually -- we were able to sell.
Q. But as we've discussed earlier, the volumes produced at the wellhead versus the volumes allocated to each well through the Enertia system differ, and I'm trying to understand the various components of volumetric deductions that are taken out. And as we discussed, one is compression or line loss use, but also now you have this component of retainage, correct?
A. Correct.
Q. The last part of this section it says less any other agreed applicable fees or charges. We've talked about the gathering fees charged by Equitable Gathering Equity, and we talked about the instances of retainage, are there any other applicable fees or charges that you're aware of that would affect the bottom line royalty of an individual lessor?
A. The only other charge that I can think of would be if a third-party charged us to move gas on their system.
Q. Which we know from your previous testimony

for this area, or for the area encompassing --
A. Minimal, minimal
Q. -- my client's, it's minimal?
A. Right.
Q. There might be some -- if you wanted to find out if there are any third-party gathering systems that somehow affect my clients' royalties how would you go about finding that out?
A. I would contact Equitable or EQT Energy, because they would be ultimately responsible for paying those.
Q. And the next page it indicates that the gathering entity for this district is Equitable Gathering Equity, LLC; is that correct?
A. That's correct.
Q. Which is a sub of Equitable Gathering, Incorporated, which is a sister company of Equitable Production?
A. Correct.
(Exhibit 13 marked for identification.)
Q. Mr. Crites, I'm going to hand you what is marked as Exhibit 13 to your deposition. This is a January 1st, 2005 gathering agreement, gas gathering agreement. Have you seen this document

before?
A. I don't believe so, no.
Q. And I grabbed a Madison district, and that was my mistake. Are you aware of whether or not the gas gathering agreements for the various districts are different at all?
A. I don't know that.
MR. ADKINS: Dave, do you know?
MR. HENDRICKSON: I don't know. I'll find out though.
MR. ADKINS: Well, the thing is, I mean, I can -- we'll talk about it and if it's different -- my review I don't think they are, but --
MR. HENDRICKSON: We'll find out.
MR. ADKINS: Well, like I said, I mean, you guys produced the -- maybe I should have pulled that, but anyway, we'll talk about it.
MR. HASTINGS: Which one do you want?
MR. ADKINS: Oh, I've got it. No, I've probably got it somewhere.
MR. HENDRICKSON: Yeah, he said he grabbed the wrong one.
MR. ADKINS: Yeah, I mean, they looked all the same.

Q. (By Mr. Adkins) Well, let me go back. Are you familiar with this document at all?
A. No.
Q. This would be between Equitable Gathering Equity, LLC and Equitable Energy, LLC?
A. Correct.
Q. And do you know who would have negotiated this contract?
A. No.
Q. We can obviously see who signed off on it.
A. That's what I'm looking for.
Q. And it looks to be -- I'm looking at WWEQT91, and it appears to be the same persons who signed off on the gas sale contract we looked at previously. And is that John Bergonzi on behalf of Equitable Gathering Equity?
A. Yes.
Q. And you indicated earlier he's assistant treasurer of Equitable Gathering but he's actually employed by EQT Corp?
A. Correct.
Q. I think on the other document he was assistant treasurer for Equitable Production as well?

A. Correct.
Q. And then Philip Conti is signing as assistant treasurer on behalf of Equitable Energy, correct?
A. Correct.
Q. But he's in fact employed by EQT Corp?
A. Correct.
Q. If you can turn to page three of this agreement -- well, you indicated you are not familiar with this agreement, you don't have any personal knowledge with respect to how it's applied or utilized?
A. No.
Q. Turn to Page 5. I'm going to be very limited with this document. Do you see at 4.1(a) Gathering Fees?
A. Yes.
Q. It says the applicable gathering charges specified on Exhibit C per dekatherm for the total monthly quantity of natural gas delivered by Gatherer at the points of delivery? Do you see that?
A. Yes.
Q. To the best of your knowledge is that the

gathering charges that Equitable Gathering charges Equitable Energy?
A. Yes, I would think so.
Q. And if you could, just turn to Exhibit C, which is page WWEQT102, the very last page. Looking at the gathering, the first Interruptible Gathering Fee, As applicable, prevailing commercial terms as specified by Gatherer's agreement with producer. Do you have any knowledge as to what that means?
A. No.
Q. Done with that document.
A couple witnesses that were identified I'd like to ask you about. Nicki Atkinson, who is she?
A. She's division order supervisor I believe. I could actually get you her real title.
Q. I think it's going to be on the document that is going to be produced, right, the employee -- all right. So you don't need to -- you don't need to worry about it.
What company is she with?
A. I guess EQT Production.
Q. What about Kelly Thompson?

A. Kelly is in the revenue accounting group.
Q. She's in your group?
A. Yeah, she works for me.
Q. Carol Hoke, I know she's no longer there. I think she's at Cabot now, correct?
A. I believe that's correct.
Q. What department was she in with Equitable?
A. She was in the land department, land administration.
Q. And that's part of EQT Production?
A. Correct.
Q. Melissa Richey?
A. No longer with the company, but she was vice president of land.
Q. Land administration?
A. No, just land I think.
Q. Is that dealing with --
A. Lessors and --
Q. Is that kind of the --
A. It's more of -- it's a field position for the most part.
Q. Is that the person that actually kind of dealt with the lessors or potential lessors?
A. Yes.

Q. That group?
A. Yes.
Q. We already talked about John Bergonzi, he's --
A. He's retired.
Q. He's retired?
A. Right.
Q. But he was with EQT Corp?
A. Correct.
Q. What was his position there, if you know?
A. He was corporate controller.
Q. Jessica Brisendine, she's in-house counsel?
A. Correct.
Q. Do you what company she specifically works for?
A. EQT Production.
Q. If you needed to deal with someone -- I'm going to ask you for various companies that -- some of the companies that are on this chart, like if you needed to speak with someone or work out an issue I want to know if maybe you had a contact person for the particular companies.
If there became an issue in which you

needed to contact EQT Corp who would be the person that you'd generally go speak to?
A. EQT Corp?
Q. Yes.
A. From an accounting perspective?
Q. Yes.
A. Terri Bone.
Q. I'm sorry, what's the name?
A. Terri Bone, T-E-R-R-I -- T-E-R-R-I, Bone, B-O-N-E.
Q. Is that a man or woman?
A. It's a woman. She's now a corporate controller.
Q. That's corporate controller?
A. Yeah.
Q. What about EQT Investment Holdings, LLC?
A. I'm not sure. I have no dealings with that.
Q. Do you know what their role is?
A. I do not.
Q. EQT Gathering, Inc., which is the parent company of EQT Gathering Equity?
A. Probably Philip Swisher.
Q. What's his position?

A. He is now in corporate accounting, but he most recently was the vice president of the gathering business.
Q. How does that work? I mean, you have EQT Gathering, LLC, EQT Gathering Equity, which are all companies under the umbrella of EQT Gathering, Inc.?
A. Right, I'm not sure.
Q. You're not sure?
A. How they -- you know, they separate those out. I just -- I think of it as EQT Gathering.
Q. So do you even know anyone who specifically works for EQT Gathering, LLC or EQT Gathering Equity, LLC, or is it just all your contact with EQT Gathering, Incorporated?
A. It's just EQT Gathering, Incorporated.
Q. So if you needed to deal with any of the LLCs you would probably contact Philip Swisher?
A. Right.
Q. What about EQT Energy, who's your contact person there?
A. Jimmi Sue Smith.
Q. How do spell her --
A. J-I-M-M-I.

Q. Sue Smith?
A. Right.
Q. What's her position again, I'm sorry?
A. She's vice president.
Q. VP. VP of any department or just VP?
A. Just VP. And if you have any specifics with regard to those -- to those groups, let Dave or Jessica know. The problem is, is we did shuffle of people, you know, everybody just -- we -- Terri Bone the corporate controller likes to rotate people to give everybody a sense of the different sides of the business. So the person that I gave you the name for might not be -- that might be the person that's there now but might not be the most knowledgeable, if you understand what I mean.
Q. Yeah, so I think what you're saying is maybe someone who's at EQT Production, the controller might want to move them over to Energy in order to understand that side of the business a little better?
A. Right, correct.
Q. How often does that happen?
A. Every couple years.
Q. Have you ever worked for any of the other companies?
A. I have not.
Q. Do you consider yourself fortunate they haven't done that to you?
A. I'm not sure.
Q. Take it as a compliment.
A. Thank you.
Q. Now, obviously this is a civil action relating to a claim that my clients have asserted against Equitable. Have you had any dealings with my clients?
A. Yes, I have.
Q. Tell me a little bit about that?
A. I believe in 2007 Glen Yost and I, we exchanged some e-mails, had some conversations, we met a couple of times on, you know, selling out the royalty. They were -- obviously they were opt-outs from our K company suit. And so we've been in negotiations with them for quite a few years now.
Q. How did they come about opting out of the class action?
A. I don't really recall. I mean, they just did. They were one of quite a few that just opted out.

Q. Are they one of the larger lessors in the Equitable system?
A. Yes.
Q. In West Virginia?
A. Yes, in West Virginia.
Q. Do you know if any other individuals from any of the Equitable companies that we discussed here today dealt with my clients with respect to royalty issues?
A. Specifically to settlement on royalty issues or just -- I mean, I don't know anybody specifically, but I'm sure that, you know, the size of your client, I'm sure there has been communications.
Q. You dealt specifically with Glen Yost, correct?
A. Correct.
Q. Was there anyone else on behalf of my clients you might have dealt with?
A. Their attorney Chip -- is it Schaffer?
MR. HENDRICKSON: Chip Schaffer.
Q. And I guess later on it was Tom Lane?
A. Correct.
Q. Do you know if anyone else at Equitable

had contact with my clients directly about their issues involving the deductions?
A. Not that I'm aware of.
Q. Do you know a gentleman by the name of -- with the last name of Feamster; does that ring a bell?
A. No.
Q. There was -- in response to the discovery request -- 14? I know this stack is thick but we'll go through it quickly, I promise.
(Exhibit 14 marked for identification.)
Q. This is marked Exhibit 14. This is a collection of e-mails and correspondence that were produced in relation to my clients' files with Equitable Production. You were with the company in 1999, correct?
A. I was with EQT but not with the properties that we're discussing now, because we didn't acquire those until 2000.
Q. So these e-mails you wouldn't have been involved --
A. Right.
Q. Or no one at Equitable would have been?
A. These folks would have been working for

another company.
Q. Who is Bert Jedamski?
A. Right.
Q. Still with the company?
A. No.
Q. What about Melanie Freeman?
A. No. She is not with the company.
Q. Cindy Harrah?
A. No.
Q. Well, let's skip past these '99 documents, which there's a lot of them. All right, go to -- halfway in there is a letter from W.W. McDonald Land Company dated September 25th, 2002. I think it's going to be further in than that.
MR. HENDRICKSON: What's the number?
Q. EQT 10983. All these are in chronological order, so that should be --
A. Okay.
Q. You were not at the company at this time, correct?
A. No, I was not.
Q. Take a look at this document and tell me if you're familiar with it at all?
A. I've not seen it before.

Q. Is Joe Gilmore still with the company?
A. Yes, he is.
Q. Where is he in the company?
A. He's in Charleston.
Q. Charleston, West Virginia?
A. Yes.
Q. What company is he with?
A. EQT Gathering.
Q. Again, the next e-mail references Bert Jedamski, who I think you indicated is no longer with the company, and Cindy Harrah who is no longer with the company; is that correct?
A. That's correct.
Q. Were you aware that in the 2002 time frame McDonald Land had filed a letter or provided Equitable with a letter of default regarding improper deductions?
A. No, I was not.
Q. For my clients are you aware if there are any codes within the Enertia system in which the leases are coded that deductions are not permitted?
A. I am not -- not aware.
Q. You don't --
A. I mean, I don't specifically know --

Q. Recall?
A. -- if that exists or not.
Q. Would you be able to produce something to your counsel from the Enertia system to show what the coding is for these particular lessors?
A. Sure, absolutely.
Q. If you take a look at a letter from Equitable Production dated November 14, 2002.
A. Okay.
Q. It's from Cynthia Harrah. The middle paragraph it indicates -- second sentence it says, These gathering fees have always been deducted from your royalty payments, however as part of the implementation of a new computer system they have just begun to appear on your distribution statements as of January 2002. Do you see that?
A. Yes.
Q. Is that consistent with your recollection as to when the monetary deductions began to show up on the lessors' royalty statements?
A. That's correct.
Q. So prior to January 2002 monetary deductions were being made from royalty payments to the lessors but were not disclosed on the royalty

statement?
A. Correct, that was under the old Statoil system. January 2002 is when Enertia...
Q. Went into effect?
A. Went into effect.
Q. Next is an e-mail, e-mail chain from February 25th, 2005. Bruce Turner, who is he?
A. He's with our land group, I believe. He's in Charleston.
Q. Is that land group part of Equitable Production or Equitable Gathering, if you know?
A. I'm not sure.
Q. But still with the company, correct?
A. Yes, correct.
Q. What about Melanie Freeman?
A. No longer with the company.
Q. Where is she now?
A. I'm not sure.
Q. What was her position in this time period?
A. She worked for land administration.
Q. And at the time that -- well, actually, this is 2005, so would land administration been part of Equitable Production at that time?
A. Yes, correct.

Q. You were with the company at this time?
A. Correct.
Q. Are you familiar -- you've seen this e-mail before?
A. I have not.
Q. It appears that Ms. Freeman considered Mr. Yost a pain, do you see that at the bottom of the top e-mail, last sentence?
A. Oh, okay. Oh, yes, I do see that.
Q. There is a remittance statement, it's not Bates numbered, but there's a note at the bottom, it's dated January 12th or 11th of 2007; do you see that?
A. I do.
Q. We were talking about remittance statements earlier, and we kind of concluded that those were -- what the discovery responses were referring to as remittance statements was a royalty statement. Now, this doesn't look like a royalty statement to me but --
A. It's an internally produced replica of a check stub remittance.
Q. So if internally Equitable Production wanted to reproduce a -- the information that would

be contained on a lessor's royalty statement this is what it would look like?
A. This is the report that they would run.
Q. Have you -- is that your handwriting at the bottom?
A. It is not.
Q. Do you know whose signature that is?
A. Yeah. Jim Spence.
Q. Who's Jim Spence?
A. He is now retired from the company. He worked for me, joint interest billing.
Q. So he's part of your department?
A. Correct.
Q. And he spoke per telephone call from Tom Hanson, who's Tom Hanson?
A. That's a -- I'm not sure unless he represents C.E. Richner.
Q. Can you read his writing in terms of his notes?
MR. HENDRICKSON: Can you give me a page please?
MR. ADKINS: Well, there is none. Here it is. It's right --
A. Keep going back.

MR. HENDRICKSON: Okay, I got you.
A. It says, Per telephone call from Tom Hanson, Well 145701, need to have deduct set up like other wells. Well 506425, new well, needs to be set up like the other wells. Richner gets royalty interest when they in turn pay out.
Q. Is this referencing perhaps -- what's the set up that he is referring to, if you know?
A. I don't know.
Q. Does this remittance statement reflect the gross volume of gas produced at the well?
A. It does.
Q. It does?
A. Yes.
Q. Where is that?
A. Under -- well, it represents the gross sales volume.
Q. Yeah, not the well volume but the sales volume?
A. Right. It's under the gross volume, owner volume column.
Q. What I was asking is, is anywhere on here does it reflect the volume that is reported to the DEP?

A. It does not.
Q. And then the next page is a December 29th, 2009 letter from my partner Tom Lane to you. Have you seen this document before?
A. I have.
Q. What did do you with this document upon receipt?
A. I sent it to legal counsel.
Q. Did you respond to this letter at all personally?
A. I did not personally respond.
Q. And in fact the next correspondence in this exhibit was the letter from Ms. Brisdendine to Mr. Lane dated January 13, 2010, and you were copied on that as well, correct?
A. Correct.
Q. Next is an e-mail from someone at -- Keith Morgan at Arnett & Foster to various individuals I believe related to the administration of the class action settlement. Do you remember seeing this e-mail and the associated documents?
A. I don't recall, but I'm sure I did.
Q. And then Exhibit 4 to this letter, does this outline the gross numbers for the settlement

of the class action?
A. It appears to, yes.
Q. Were you involved in that process, the settlement process for the class action?
A. Not in the calculation of the amounts.
Q. Were you involved in the negotiation process?
A. I was involved in the mediation.
Q. I believe that's all for that exhibit.
MR. HENDRICKSON: Before we leave this exhibit there appears to be on page -- pages EQT016005 through EQT016008 -- what's that? Okay, it starts back at 004 through -- which appears to be attorney/client.
MR. ADKINS: Now, the 004 is actually a letter to the lessor, so that wouldn't be.
THE DEPONENT: That's what I thought.
MR. ADKINS: Yeah, Feamster is the lessor. Now, 99 though, I see where you're coming from, but would you be able to assert the privilege since you weren't the client at that time?
MR. HENDRICKSON: To sit here right now, I don't know. But we will look into that.
MR. ADKINS: I understand. You'll reserve

your right to make that objection to that document.
MR. HASTINGS: And retain it under our agreement.
Q. (By Mr. Adkins) Mr. Crites, do you recall when the Tawney decision was entered by the West Virginia Supreme Court?
A. Yes.
Q. How did that affect how Equitable Production Company did business with respect to calculating and payment of royalties?
MR. HENDRICKSON: As it relates to your client?
MR. ADKINS: I was going to ask generally, but -- with respect to lessors in West Virginia, but then we can break it down to my clients.
MR. HENDRICKSON: Go ahead.
A. To the extent that there were any leases that we needed to make changes to from a payment perspective we did that, but we've also been in negotiation with them that entire period of time. So we were trying to settle out, and at that point any deductions that may have been inappropriate would have been refunded. But obviously now, you

know, we're -- our communications and our negotiations have ceased.

Q. That would be with respect to my clients?

A. To your clients.

Q. But generally from a procedural standpoint for the West Virginia operations how did how your department do its job, how did it change with the Tawney decision being entered?

A. All the leases in West Virginia were analyzed by outside counsel and the leases that we felt, legal felt, needed change, we changed.

Q. Do you know if any of my clients, the designation for my clients leases, were changed as a result of that review?

A. I don't know that.

Q. Is that something you can find out?

A. I can. Again, we were in negotiations with your clients, so it was kind of a work in progress.

Q. Do you recall when the negotiations with my clients started?

A. I think 2007.

Q. I'll represent to you the Tawney decision came out in '06, so would it have been --

MR. HENDRICKSON: Why don't we check on the exact date and we'll report that back to you.

MR. ADKINS: Okay.

MR. HENDRICKSON: There would be records to reflect that.

Q. Would your records indicate if there were from -- let's go back from 2002 to the present, if any designations were changed for my clients for that period of time with respect to deductions?

A. I could check that.

Q. But I mean is that something you could find out -- for example, let's just -- again, this is a hypothetical, following the Tawney decision in 2006 outside counsel did a review of Equitable leases and found one of my client's leases the designation needed to be changed, and that change was made, let's say, in August of 2006. Would Equitable Production's records be able to identify that a change had been made and when that change took place?

A. I believe so, yes.

Q. What we're going to do is we will ask you -- and we can do it in writing, following this deposition, which I provided to your counsel,

various things we wanted clarification on, but also for you to go back and do that for my clients, for the period we talked about, I guess the initiation of the Enertia system to the present time.

A. Sure.

Q. Did -- following the entry of the Tawney decision by the State Supreme Court did that in any way affect Equitable Production's business of or procedure of using the allocated sales volume in the calculation of its royalties?

A. No. We continue to pay royalties on volume sold.

Q. Was there any discussion within Equitable Production about whether or not to use the allocated sales volume in calculating royalties?

A. No, we've always been pretty firm on using the sales volume, volumes that were sold.

Q. And I think as we talked about earlier the royalty statements have not -- the royalty statements have not changed since January 2002?

A. That's correct.

MR. ADKINS: I'd like to talk to Mr. Freund. Let's go off the record.

THE VIDEOGRAPHER: Going off the record.

The time is 1:57 p.m.

(Break.)

THE VIDEOGRAPHER: We are back on the record. The time is 2:07 p.m.

Q. (By Mr. Adkins) Mr. Crites, I'm pretty much done with my questioning, I just have a couple follow-ups with respect to your preparation for your deposition here today.

I do not want to know what you discussed with your attorneys, but other than your attorneys did you speak with anyone regarding your deposition here today, about in preparation?

A. I do not.

Q. Did you review any documents prior to the deposition today in preparation?

A. No.

MR. ADKINS: I have nothing further.

MR. HENDRICKSON: The only thing is the deposition is all marked as confidential for the purposes of what --

MR. ADKINS: The protective order? Has the protective order been entered yet?

MR. HASTINGS: I think the protective order may have been entered, if not we'll make sure

-- you and I need to work and make sure that gets entered into.

MR. ADKINS: I sent the final to you so you can -- I don't know, I think I actually did file it, you gave me the okay, so, but it may not have been entered yet.

MR. HASTINGS: We have an agreement.

MR. HENDRICKSON: And he will read and sign.

THE VIDEOGRAPHER: This concludes the deposition of Rick Crites. The time is 2:08 p.m.

(Read and sign.)

(This deposition concluded at 2:08 p.m.)

STATE OF WEST VIRGINIA, To-wit:

I, James D. Nielsen, a Notary Public and Court Reporter within and for the State aforesaid, duly commissioned and qualified, do hereby certify that the video deposition of RICK CRITES, was duly taken by me and before me at the time and place specified in the caption hereof.

I do further certify that said proceedings were correctly taken by me in stenotype notes, that the same were accurately transcribed out in full and true record of the testimony given by said witness.

I further certify that I am neither attorney or counsel for, nor related to or employed by, any of the parties to the action in which these proceedings were had, and further I am not a relative or employee of any attorney or counsel employed by the parties hereto or financially interested in the action.

My commission expires the 15th day of May 2016.

Given under my hand and seal this 9th day of May, 2012.

James D. Nielsen
Notary Public